

Explaining the Paradox: Canada's Position in the Agricultural  
Trade Negotiations of the Uruguay and Doha Rounds

by

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## AUTHOR'S DECLARATION

I hereby declare that I am the sole author of this thesis. This is a true copy of the thesis, including any required final revisions, as accepted by my examiners.

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## ABSTRACT

The Canadian government has been holding an inconsistent position in the agricultural trade negotiations of both the Uruguay and Doha rounds. It has been advocating for freer agricultural trade while defending its supply management system, a protectionist policy that governs dairy, poultry and eggs in the country.

The thesis attempts to answer the question: What domestic factors explain the inconsistent position, advocating for both liberalization and protectionism, that Canada has been advocating in the Uruguay and Doha rounds of negotiations on agriculture since 1985? The thesis starts with the assumption that the Canadian government has had a preference for free trade and market-based economic policies since the 1980s. The question is therefore less about explaining Canada's dual position, but rather about explaining why Canada continues to defend supply management, a system that appears to be in contradiction with its policy preferences. The explanation resides in two ideas.

The first argument is that Canada has continued to defend supply management because of the preponderant influence of the farmers' organizations of the supply-managed sectors. Among Canadian farmers' organizations, those from the supply-managed sectors have an unparalleled level of organizational capacities. The farmers from the dairy, poultry and egg industries are represented by the organizations that have the highest budgets and number of employees. They have developed strong coalitions provincially and nationally. Farmers' organizations from the supply-managed sectors have therefore been able to effectively lobby the Canadian government.

The second argument is that supply management has continued to be defended because it is foremost in the interest of Ontario and Quebec. Indeed, supply-managed farms are heavily concentrated in the Central provinces. This has led the influential provincial governments of Quebec and Ontario to be strong advocates of supply management, both on the national and on the international scenes. Additionally, electoral reasons have also motivated the support of the system by all major national political parties. Supply-managed farms are present in swing rural ridings. Furthermore, the Bloc Québécois has become an ardent defender of the system and the federal government has also maintained the status quo in order not to heighten Québec nationalism, at a time when Canada was shaken by national disunity. Finally, supply-management farmers' organizations have been able to influence government effectively because of the corporatist relationships they have developed with the federal and provincial governments, especially in Quebec and Ontario. They have garnered the support of part of the processing industry. Processors are divided on the issue of supply management, but several of the most important Canadian processors are cooperatives that are farmer-owned. Important financial institutions have also supported the system, valuing the stability offered by the supply-managed industries.

Supply management has therefore continued to be defended by the federal government in GATT/WTO agricultural trade negotiations because of the organizational capacities of supply-management farmers' organizations. These capacities are in turn heightened by electoral politics, regional concentration and the structure of the system which has made government and organizations partners.

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*À la Ferme du Haut-Vallon, où mon cœur s'emplit de joie  
À ses moutons, ses érables, ses pommes et tout le reste.*

*To the Haut-Vallon Farm, where my heart fills with joy  
To its sheep, maple trees, apples and all the rest.*

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## INTRODUCTION

Agriculture has long stood out as a special case in multilateral trade negotiations. It has been a subject of negotiations since the 1980s, and a hotly debated one at that, at the General Agreement on Tariffs and Trade, which morphed into the World Trade Organization in 1995. The Uruguay Round (1986-1994) included agriculture as a negotiation theme for the first time and it was included again in the subsequent round of Doha (2001-). Like other economic areas, member countries negotiate over international trade rules. The affirmed goal of the negotiations is to liberalize agricultural trade, but countries disagree over the level of liberalization that should be targeted and the specific modalities under which trade should be made freer. The positions held by the countries participating in the negotiations accordingly cover a wide spectrum. On one end of the range, highly competitive countries such as Australia and New Zealand argue for a near-complete liberalization, including an elimination of export subsidies, and a drastic reduction of domestic support and tariffs<sup>1</sup>. On the other end the United States and the European Union want to continue to protect their agricultural sector, although the details of their respective positions are different. Developing countries are asking for more access to the agricultural markets of Western countries and for special and differential treatment in the prescriptions. Somewhere in the middle, Canada holds a nuanced, but contradictory position.

In both the Uruguay and Doha rounds Canada advocated, and still advocates for, a deep liberalization of agricultural trade, while at the same time strongly defending the survival of its supply management system. In more detail, Canada suggests an elimination of export subsidies, an important reduction of domestic support, a substantial increase in market access, and the

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<sup>1</sup> Hermelin and Tavernier, "Les négociations agricoles à l'OMC : État des lieux," 16-17.

maintenance of Canada's supply-management system<sup>2</sup>. Supply management is the protectionist system that governs dairy, poultry and eggs in Canada; it entails important import barriers. Canada therefore advocates for both liberalization and protectionism; for both reform and for the *status quo*. In that sense, Canada's position has been an inconsistent, if not contradictory, one. The Canadian government has been criticized throughout the latest multilateral trade negotiation rounds by several countries on the international scene, but its position has remained the same over the last 30 years.

The thesis aims at answering the following research question: What domestic factors explain the inconsistent position, advocating for both liberalization and protectionism, that Canada has been advocating in the Uruguay and Doha rounds of negotiations on agriculture since 1985? The thesis starts with the assumption that the Canadian government has had a preference for free trade and market-based economic policies since the 1980s. The question is therefore less about explaining Canada's dual position, but rather about explaining why Canada continues to defend supply management, a system that appears to be in contradiction with its policy preferences. The explanation resides in two ideas.

The first argument is that Canada has continued to defend supply management because of the preponderant influence of the farmers' organizations of the supply-managed sectors. Among Canadian farmers' organizations, those from the supply-managed sectors have an unparalleled level of organizational capacities. The farmers from the dairy, poultry and egg industries are represented by organizations that have the highest budgets and number of employees. They have

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<sup>2</sup> "Opening Doors to the World 2003 - Agriculture," DFAIT, accessed October 16, 2011, [http://www.international.gc.ca/trade-agreements-accords-commerciaux/cimar-rcami/2003/2003\\_2.aspx?lang=eng&view=d](http://www.international.gc.ca/trade-agreements-accords-commerciaux/cimar-rcami/2003/2003_2.aspx?lang=eng&view=d).

developed strong coalitions provincially and nationally. Farmers' organizations from the supply-managed sectors have therefore been able to effectively lobby the Canadian government.

The second argument is that supply management has continued to be defended because it is foremost in the political and economic interests of Ontario and Quebec, Canada's two largest provinces. Indeed, supply-managed farms are heavily concentrated in these Central provinces. This concentration has led the influential provincial governments of Quebec and Ontario to be strong advocates of supply management, both on the national and on the international scenes. Additionally, electoral reasons have also motivated the support of the system by all major national political parties. Furthermore, the Bloc Québécois has become an ardent defender of the system and the federal government has also maintained the status quo in order not to heighten Québec nationalism and separatism, at a time when Canada was shaken by national disunity. Finally, supply-management farmers' organizations have been able to influence government effectively because of the corporatist relationships they have developed with the federal and provincial governments, especially in Quebec and Ontario. They have garnered the support of part of the processing industry and important financial institutions have also supported the system, valuing the stability offered by the supply-managed industries.

The next section, the thesis' first chapter, provides contextual information on agricultural trade negotiations, Canada's agricultural sector and its position, and supply management. The second chapter is a literature review. It gives an overview of research done on Canadian agricultural policy, on the relationships between interest groups and government, as well as on subjects of Canadian politics relevant to this topic such as federalism and central Canada dominance. Furthermore, this thesis hopes to contribute to the existing literature in three areas.

First, it contributes to debates on the explanatory factors of foreign policy. In this regard, it complements the literature which describes the importance of domestic factors in the elaboration of foreign policy. Second, it provides additional evidence in demonstrating that domestic interest groups do influence foreign policy, at least in trade. There is some debate as to whether interest groups influence foreign policy or if their influence is limited to domestic politics. The third area to which the research contributes is the relation between federalism and foreign policy. The literature review therefore also explores each of these three sub-fields. The third chapter outlines the methodology used throughout the research. The fourth and fifth chapters are the core of the thesis, the analysis. The fourth chapter presents the first argument about the lobbying power of the supply-managed organizations and the fifth chapter centres on the second argument about the concentration of supply management in Quebec and Ontario. The final chapter provides a conclusion to the thesis.

## CHAPTER ONE: CONTEXT

### *Agriculture trade and multilateral trade negotiations*

Since the end of the Second World War, the international trade of goods and services has been governed by the General Agreement on Tariffs and Trade (GATT), which became part of the newly created World Trade Organization (WTO) in 1995. The goal of the GATT has been to liberalize trade and member countries have initiated successive rounds of negotiations<sup>3</sup> to find an agreement on international trade rules<sup>4</sup>. Every negotiation round has aimed at furthering liberalization, by deepening free trade in a trade area that was negotiated earlier, or by integrating new trade areas to global rules. Agriculture was first integrated in the negotiations that led to the GATT, in the 1940s, but mainly as a result of pressure from the United States, it remained exempted from trading rules until the 1980s<sup>5</sup>. It was indeed included as a trade area in the GATT negotiations, but due to pressure from the United States, Article XI of the GATT was incorporated, allowing protectionist measures to be put in place for agriculture and fisheries if in parallel production was controlled. The United States already had a policy to allow import quotas in agriculture, regardless of production control. In 1951, the US Congress voted for its domestic policy to override Article XI, which the GATT disputed. “Congress emerged triumphant in this dispute in 1955, when the United States secured a broad waiver, with no time limit, from its

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<sup>3</sup> A list of the GATT and WTO negotiation rounds: Geneva Round (1947), Annecy Round (1949), Torquay Round (1951), Geneva Round II (1955-59), Dillon Round (1960-62), Kennedy Round (1962-67), Tokyo Round (1973-79), Uruguay Round (1986-94), and Doha Round (2001-).

<sup>4</sup> “The GATT Years: From Havana to Marrakesh,” WTO, accessed July 15, 2013, [http://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact4\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm).

<sup>5</sup> Coleman, “Agricultural Trade and the World Trade Organization,” 72-74.



article XI obligations<sup>6</sup>.” In addition, Article XVI of the GATT exempted agriculture from the ban on export subsidies.

In 1955, article XVI was amended to read that export subsidies were not to be used to gain “more than an equitable share of world export trade.” The meaning of the term “an equitable share” remained vague. The United States in 1958 refused to accept a proposal by other states for a total ban on export subsidies in agriculture. Accordingly, when the CAP was conceived in the 1960s, export “restitutions” joined variable levies as key policy instruments for protecting the common market in agriculture in the EEC<sup>7</sup>.

Because of both these reasons, agriculture was in practice not submitted to trading rules until the 1980s. It was only brought again on the negotiation table in the Uruguay Round. The round was launched in 1986, negotiations lasted until 1994 and the agreement came into effect in 1995. The 1995 agreement included the creation of the World Trade Organization (WTO), which swallowed the GATT and added numerous other agreements.

## **Uruguay Round**

Until the Uruguay Round, agriculture had been considered an exceptional economic sector that should remain protected and therefore exempted from international trading rules. Indeed, agriculture has generally been shielded from international competition and subsidized in Western countries since the end of WWII; academics have said a state-assistance paradigm has defined Western agricultural policy over that period<sup>8</sup>. After the end of the war, governments intervened in the agricultural sector – by providing export subsidies, rising import tariffs,

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<sup>6</sup> Coleman, “Agricultural Trade and the World Trade Organization,” 73.

<sup>7</sup> Ibid., 72-73.

<sup>8</sup> Halpin, *Surviving Global Change?*, xi-xii.

implementing price support programs, etc.<sup>9</sup> – to increase farmers’ revenues and the productivity of farming<sup>10</sup>. Anania indicates that when calculating the Aggregate Measure of Support (AMS), a measure of the public support provided to agriculture in each country, 80 per cent of the world’s AMS is concentrated in the United States, the European Union and Japan<sup>11</sup>. In contrast, agriculture tends to be taxed rather than subsidized in developing countries<sup>12</sup>. For one, governments in developing nations often lack the financial capacities to support domestic farmers. Furthermore, the Structural Adjustment Programs (SAP) implemented by the World Bank (WB) and the International Monetary Fund (IMF) in the 1980s encouraged a lowering of public support to agriculture; sometimes program conditions even included interdictions to tariff agricultural imports<sup>13</sup>. In this context, one of the intents of the integration of agriculture in the Uruguay Round was to provide a level-playing field for international agricultural trade by finding common ground on eliminating trade barriers to agricultural products<sup>14</sup>.

Both the Uruguay and Doha rounds of negotiations have included agriculture as one of the negotiation themes, which totalled 15 in the former and 21 in the latter. And in both rounds member countries have adopted a wide diversity of positions and strong divisions have made negotiations on agriculture one of the most difficult to conclude. The negotiations are articulated around three pillars: export subsidies, domestic support and market access, which mainly relate to tariffs. The main players in the negotiations on agriculture are the United States and the European

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<sup>9</sup> “Agriculture: explanation,” WTO, accessed July 14, 2013, [http://www.wto.org/english/tratop\\_e/agric\\_e/ag\\_intro01\\_intro\\_e.htm](http://www.wto.org/english/tratop_e/agric_e/ag_intro01_intro_e.htm).

<sup>10</sup> Halpin, *Surviving Global Change?*, xi-xii.

<sup>11</sup> Anania and Bureau, “The Negotiations on Agriculture in the Doha Development Agenda Round,” 545.

<sup>12</sup> Ibid.

<sup>13</sup> Madeley, *Food for All*, 119.

<sup>14</sup> “Agriculture: explanation,” WTO, accessed July 14, 2013, [http://www.wto.org/english/tratop\\_e/agric\\_e/ag\\_intro01\\_intro\\_e.htm](http://www.wto.org/english/tratop_e/agric_e/ag_intro01_intro_e.htm).

Union<sup>15</sup>. The Cairns Group is also an important participant. This coalition groups 19 agro-exporters, among which Canada, and was formed in 1986 at Australia's initiative. It advocates for a strong liberalization of agricultural trade through the elimination of export subsidies and a drastic reduction of domestic support and tariffs<sup>16</sup>. The United States, on the other hand, proposed an elimination of export subsidies, to which the European Union and Japan were opposed<sup>17</sup>, and a lesser reduction of domestic support and tariffs<sup>18</sup>. The EU was suggesting a reduction of export subsidies, domestic support and tariffs<sup>19</sup>. Strong divisions oppose agricultural export countries, such as the members of the Cairns Group, who are wary of gaining access to new markets to increase their exports, and countries that are dependent on import for their national food consumption and who are concerned about the impact of deep liberalization on their vulnerability and on their inward-looking agricultural production.

Agriculture negotiations in the Uruguay Round were tedious. They finally resulted in the Agreement on Agriculture (AoA) that came into force in 1995. Following are the details of the agreement, organized around the three pillars. For export subsidies, the AoA prescribed a reduction of 36 per cent in value or 21 per cent in volume over six years for developed countries and a reduction of 14 per cent in value and 24 per cent in volume over ten years for developing countries. As for domestic support, the AoA classified programs into coloured "boxes": amber, blue and green. The amber box incorporated programs that distort trade and a limit was put on their use: five per cent of agricultural production for developed countries and ten per cent for developing countries. The blue box "is the 'amber box with conditions' — conditions designed to

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<sup>15</sup> Watkins, "WTO Negotiations on Agriculture: Problems and Ways Ahead," accessed August 4, 2013, [http://www.l20.org/publications/2\\_7y\\_A\\_S\\_Watkins.pdf](http://www.l20.org/publications/2_7y_A_S_Watkins.pdf), 1.

<sup>16</sup> Hermelin and Tavernier, "Les négociations agricoles à l'OMC : État des lieux," 16-17.

<sup>17</sup> *Globe and Mail*, "U.S. trade plan drives wedge between farmers."

<sup>18</sup> Hermelin and Tavernier, "Les négociations agricoles à l'OMC : État des lieux," 12.

<sup>19</sup> *Ibid.*, 17.

reduce distortion. Any support that would normally be in the amber box, is placed in the blue box if the support also requires farmers to limit production<sup>20</sup>. No limit was put on blue-box support<sup>21</sup>. The green box refers to domestic support that does not or minimally distorts trade. There is no limit on this type of support<sup>22</sup>. As for market access, import tariffs were to be reduced by 36 per cent on average for developed countries, with a minimum of 15 per cent on each product category, over six years. Developing countries had to reduce them by 24 per cent on average, with a minimum of ten per cent on each product category, over ten years.

The AoA has been criticized by many. Some observers state loops in the agreement allowed developed countries to go around many of the prescriptions. For example, Michalopoulos claims that domestic support in developed countries for products of interest for developing countries was not reduced and export subsidies were not lowered<sup>23</sup>. Panagariya argues that on average, developing countries reduced their import tariffs more than developed countries after the agreement<sup>24</sup>. There was a view that gains made from the AoA were unbalanced between developed and developing nations.

## **Doha Round**

The Doha Round was launched in Qatar in 2001 and included agriculture once again. Although it was scheduled to end in 2005, negotiations have not ended yet and have reached a

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<sup>20</sup> “Agriculture Negotiations: Background Fact Sheet,” WTO, accessed July 10, 2013, [http://www.wto.org/english/tratop\\_e/agric\\_e/agboxes\\_e.htm](http://www.wto.org/english/tratop_e/agric_e/agboxes_e.htm).

<sup>21</sup> Ibid.

<sup>22</sup> “Agriculture Negotiations: Background,” WTO, accessed July 10, 2013, [http://www.wto.org/english/tratop\\_e/agric\\_e/negs\\_bkgrnd07\\_domestic\\_e.htm](http://www.wto.org/english/tratop_e/agric_e/negs_bkgrnd07_domestic_e.htm).

<sup>23</sup> Michalopoulos, *Developing Countries in the WTO*, 111.

<sup>24</sup> Panagariya, “Developing Countries at Doha: A Political Economy Analysis,” 1220-1221.

deadlock, in part because of the contentious agricultural negotiations<sup>25</sup>. The objective of the negotiations on agriculture was to deepen liberalization of agricultural trade. The European Union and the United States are once again the two main players in the negotiations, but the Cairns Group, Japan and developing countries are also active participants. All of these countries have adopted very similar positions to those adopted in the Uruguay Round. The WTO reports Doha Round agricultural negotiations convened 37 country delegations, through which were represented 14 negotiation coalitions (see Appendix A). Some of the coalitions have specifically been formed for the purpose of the agricultural negotiations while others are coalitions that participate on several negotiation areas. It has proven to be very difficult to reconcile the very divergent positions of the different participating countries.

#### *Canada's position*

Canada has advocated a very similar position in both rounds of negotiations. Like the United States and the Cairns Group, of which it is part, it has been proposing an elimination of export subsidies and an important reduction of domestic support<sup>26</sup>. In terms of market access, the Canadian government has been advocating for a substantive increase in access. The fourth and last part of Canada's position is the defence of supply management, the protectionist system that governs dairy, poultry and egg productions in the country. The Canadian position is a contradictory one. The federal government has been advocating for a deep liberalization of

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<sup>25</sup> Pakpahan, "Deadlock in the WTO", accessed July 30, 2013, [http://www.wto.org/english/forums\\_e/public\\_forum12\\_e/art\\_pf12\\_e/art19.htm](http://www.wto.org/english/forums_e/public_forum12_e/art_pf12_e/art19.htm); "WTO Deadlocked Over Agriculture," BBC News, December 17, 2005, <http://news.bbc.co.uk/2/hi/business/4537246.stm>.

<sup>26</sup> Drohan, "Canada at Odds with Trade Group."

agricultural trade while continuing to strongly defend the policy that protects dairy, poultry and egg productions, by imposing stringent import quotas and high tariffs.

The position has been opposed by Canada's main trading partners. Canadian negotiators have at times recognized their position may appear inconsistent, although they believe it is defensible. For example, in 1990, "Agriculture Minister Donald Mazankowski said the Cairns Group has come to terms with Canada's position. He called Canada's defence of supply management 'a small inconsistency' in terms of the negotiating positions"<sup>27</sup>. More recently, "Gilles Gauthier, Canada's chief negotiator on agriculture in the Doha Round, [testified] to the effect that Canada's position on supply management is 'extreme and difficult to defend'"<sup>28</sup>. Still, in 1992, "Ottawa characterize[d] its approach as 'balanced'"<sup>29</sup>. The Canadian government continuously claims to unwaveringly defend supply management, as its periodic reassuring public statements demonstrate, but the previous quotes also show that it has been aware it is a difficult position to hold.

The strategy to secure the survival of supply management has been different in the two rounds. Until the start of the Uruguay Round, supply management was permitted by Article XI of the GATT. Article XI allowed import quotas on agricultural productions that were restricted to the domestic market and therefore were not exported and, by extension, not trade distorting<sup>30</sup>. In the Uruguay Round, Canada aimed at clarifying and reinforcing Article XI in order to be able to keep supply management<sup>31</sup>. In 1989, during the Uruguay Round negotiations, a GATT panel ruled that Canada's import quotas on ice cream and yogurt were illegal. Canada did not appeal

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<sup>27</sup> Drohan, "Canada at Odds with Trade Group."

<sup>28</sup> *Globe and Mail*, "MPs as Trade Barriers."

<sup>29</sup> Fagan, "Farmers' Backs to the Tariff Wall."

<sup>30</sup> "GATT 1947: Article XI," GATT, [http://www.wto.org/french/docs\\_f/legal\\_f/gatt47\\_01\\_f.htm#articleXI](http://www.wto.org/french/docs_f/legal_f/gatt47_01_f.htm#articleXI).

<sup>31</sup> Solomon, "Canada Will Ask GATT to Shield Dairy, Poultry."

the ruling, but stated it would make the appropriate changes only after the Uruguay Round was concluded. Canada therefore also hoped that the clarification of Article XI would permit quotas on products made fully or mainly from supply-managed products and indirectly nullify the ruling<sup>32</sup>. The Canadian stance on the defence of import quotas had little support among other countries. Through 1990 and 1991, Canada tried to convince the European Union to support the idea of keeping import quotas for sensitive products, but in 1992 the EU announced it would not support the idea. And although in 1992 Canada seemed to have the support of Japan, South Korea, Israel, Switzerland and Norway<sup>33</sup>, in 1993 it had lost these allies according to the Canadian press<sup>34</sup>.

Canada was in the end unsuccessful in maintaining Article XI. In 1991 the director general of the GATT, Arthur Denkel, suggested a draft final agreement which made no mention of the article in question. The framework agreement proposed, among other things, that non-tariff barriers such as Canada's import quotas on dairy, poultry and eggs, be changed into tariff barriers and that in turn they be reduced over six years<sup>35</sup>. Although Canada opposed tariffication<sup>36</sup>, it signed the final agreement in 1994. Already in 1993, it had made public the tariffs it was going to implement on supply-managed goods: 192 per cent on eggs, 280 per cent on chicken, 283 per cent on fluid milk and 351 per cent on butter, among others<sup>37</sup>.

In the Doha Round, Canada's position also aimed at preserving supply management, although Canada's strategy was cosmetically different. Like in the Uruguay Round, the Canadian

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<sup>32</sup> Solomon, "Canada Will Ask GATT to Shield Dairy, Poultry."

<sup>33</sup> Gwyn, "Wilson Fighting Against the Odds at GATT Talks."

<sup>34</sup> *Toronto Star*, "Farmers Urge Chrétien to Back Quota System."

<sup>35</sup> Pitts, "Against All Odds Down on Dairy Farm."

<sup>36</sup> Fagan, "Farmers' Backs to the Tariff Wall."

<sup>37</sup> Bryan, "The Geniuses in Ottawa Are Buying Farmers' Votes With Our Money."

government proposes an elimination of export subsidies and a drastic reduction of domestic support and import tariffs. To keep supply management, Canada suggests that decisions relative to production and marketing remain national<sup>38</sup>. Canada's position has been openly criticized by many countries. For example, Australia, South Africa and New Zealand claimed they intended to take aim at Canadian supply management when the Doha Round was launched<sup>39</sup>, revealing an open split in the Cairns Group.

The United States has also consistently been asking for a dismantlement of supply management. During the negotiations that led to the Canada-United States Free Trade Agreement and again for the North American Free Trade Agreement, the United States was unsuccessful despite strong lobbying efforts: supply management was awarded an exemption<sup>40</sup>. After the AoA, the US challenged Canada over the claim that tariffication of supply-managed products was illegal within NAFTA, but a NAFTA panel ruled against the United States in 1996<sup>41</sup>. Then again in 1997, the United States, with New Zealand, challenged Canada's subsidized exports of ice cream and cheese at the WTO. The WTO panel ruled against Canada, which rearranged its policy to not directly set export prices – the US and NZ were challenging Canada for setting export prices lower. This decision was appealed by the US and NZ, who won in 2001. The decision was in turn appealed by Canada, who won and did not have to further change its policy<sup>42</sup>. In summary, Canada's supply management system has been strongly and consistently, but not successfully, opposed by the United States, Australia and New Zealand, among others.

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<sup>38</sup> "Opening Doors to the World 2003 - Agriculture," DFAIT, accessed October 16, 2011, [http://www.international.gc.ca/trade-agreements-accords-commerciaux/cimar-rcami/2003/2003\\_2.aspx?lang=eng&view=d](http://www.international.gc.ca/trade-agreements-accords-commerciaux/cimar-rcami/2003/2003_2.aspx?lang=eng&view=d).

<sup>39</sup> *Toronto Star*, "Negotiations Target Supply-Management System."

<sup>40</sup> McCarthy, "Dairy, Poultry, Egg Marketing Survive One Round of Talks."

<sup>41</sup> *Financial Post*, "Supply Management Hits Consumers in Pocket-Book."

<sup>42</sup> *National Post*, "Canada's Dairy Exports Still Face Trade Scrutiny."



## *Agricultural trade and protectionism in Canada*

Agriculture is an important economic activity in Canada. Agricultural production “and the agri-food system provided one in eight jobs and accounted for 8 per cent of total GDP in 2006” and Canada was the fourth largest exporter of agricultural products in the world in 2007<sup>43</sup>. A big portion of Canada’s agricultural production is exported: about 45 per cent in 2006<sup>44</sup>. Canada’s main agricultural exports in 2010 were, in order from the most important: wheat, rapeseed/canola, pork and soybeans<sup>45</sup>.

The Canadian agricultural sector can roughly be divided into two sub-sectors: the supply-managed industries (dairy, chicken, turkey, table eggs and hatching eggs) and the industries dependent on export (beef, pork, grains and oilseeds)<sup>46</sup>. These two sub-sectors have very different interests and ideologies<sup>47</sup>. On the one hand the supply managed sectors’ market is domestic and they are dependent on protectionist measures for the system to function. They argue for the *status quo* and support government intervention in the agricultural sector. On the other hand beef, pork, grains and oilseed producers are dependent on exportation, as only part of their production is sold on the Canadian market. They therefore have strong interests in accessing new foreign markets. They are advocates of free trade and liberalization and have clear stakes in the WTO negotiations. They positively view the goal of liberalizing agricultural trade and of instituting trade rules and a level-playing field in international agricultural trade. They usually

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<sup>43</sup> “Overview of the Canadian Agriculture and Agri-Food System 2008,” Agriculture and Agri-Food Canada, accessed July 12, 2013, <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1228246364385>.

<sup>44</sup> Ibid.

<sup>45</sup> “Top Exports – Canada – 2010,” FAOSTat, accessed July 7, 2013, <http://faostat.fao.org/site/342/default.aspx>.

<sup>46</sup> Skogstad, “The Uphill Struggle to Prevail,” 192-194.

<sup>47</sup> Skogstad, “The State, Organized Interests and Canadian Agricultural Trade Policy,” 331.

ask for the dismantlement of supply management. They fear that Canada, by defending supply management in its foreign trade policy, threatens further market access gains<sup>48</sup>.

### *Supply management*

Supply management is the system under which dairy, chicken, turkey, table-egg and hatching-egg production are governed in Canada. The system is based on three pillars: (a) the control of production through quota allocation; (b) import limitations through high tariffs and; (c) product prices calculated based on production costs<sup>49</sup>. In simple words, supply management aims to equalize supply and demand in order for prices to remain stable and relatively high. Because prices are not set by market forces directly, it allows for stable revenues that cover costs of production<sup>50</sup>. However, for this system to function, import restrictions are required. In this important respect, supply management is therefore protectionist. Supply management has mainly been developed in order to avoid chronic overproduction and which resulted in frequent low prices, exemplified by the ‘chicken and egg war’ of the 1960s<sup>51</sup>.

Before the Uruguay Round, the products under supply management were submitted to import quotas. At the beginning of the negotiations, Canada allowed about 2,5 per cent of its dairy products<sup>52</sup> and 7,5 per cent of its chicken to be imported<sup>53</sup>. As the AoA ruled out import quotas and prescribed for them to be transformed into tariffs, Canada put in place high import

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<sup>48</sup> Skogstad, “Federalism and Agricultural Marketing,” 91-92.

<sup>49</sup> “WTO and Agriculture – Supply Management,” GO5 Coalition, accessed July 15, 2013, <http://www.go5quebec.ca/en/gestion.php>.

<sup>50</sup> Wilson, *Farming the System*, 169.

<sup>51</sup> Janigan, “Why Chickens Don’t Come Cheap.”

<sup>52</sup> Thompson, “Dairy Industry Fears Disaster Without Fixed Prices, Quotas.”

<sup>53</sup> Veigle, “Canada’s Trade Laws Lay an Egg With U.S. Chicken Producers.”

tariffs on the products under supply management. The result was the same: imports of dairy, poultry and egg products were heavily restricted. As mentioned earlier, the tariffs Canada put as a result of the AoA were: 192 per cent on eggs, 280 per cent on chicken, 283 per cent on fluid milk and 351 per cent on butter<sup>54</sup>. Those tariffs, along with Canada's other agricultural tariffs, had to be reduced over six years by 36 per cent on average, with a minimum of 15 per cent on each tariff line. Since Canada put tariffs on supply-managed products at a very high level in 1995, the tariffs remained high after the reduction. In 2010, tariffs for the same products were: 163 per cent on eggs, 238 to 253 per cent on chicken, 241 per cent on fluid milk and 298 to 313 per cent on butter<sup>55</sup>. In contrast, the level of Canadian import tariffs for agricultural goods was on average 22 per cent in 2010<sup>56</sup>.

Supply management functions under a rather complex structure. To be able to produce milk, chicken or eggs, farmers must purchase production quotas. Each province has marketing boards, one for every supply-managed sector. Provincial marketing boards set prices for the commodities (fluid milk, butter, etc.) and allocate quotas. Farmers therefore buy the quotas from the marketing board. Provincial marketing boards are in turn overseen by a national agency, again one for every supply-managed sector. Finally, the national agencies are governed by the National Farm Products Marketing Council.

Marketing boards do not only exist in the supply-managed sectors though. In 1982, Canada counted 102 marketing boards, some in pork, wool, mushrooms, etc. At the time, 39 of those boards had supply-management powers<sup>57</sup>. Farmers have formed marketing boards to put

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<sup>54</sup> Bryan, "The Geniuses in Ottawa Are Buying Farmers' Votes With Our Money."

<sup>55</sup> Simpson, "Everyone Knows Canada's a Double-Dealer in World Trade."

<sup>56</sup> Iverson, "Is EU Trade Prize Worth a Few Changes?"

<sup>57</sup> *Globe and Mail*, "Halt Is Sought on Farm Boards."

their resources together and coordinate the marketing of their products. The boards mainly promote the product, fund research and sometimes farmers grant the organization the power to negotiate with processors or other types of buyers<sup>58</sup>. Agricultural producers therefore have much more negotiating power. Rather than each farmer negotiating with the processor or retailer, members negotiate as a group. Marketing boards in the supply-managed sector have more authority. They can fix prices and allocate quota and they have a granted monopoly in a given sector. This power has been granted by the federal law of 1972, the Farm Products Marketing Agencies Act<sup>59</sup>.

This act allowed poultry and egg marketing boards the power to fix prices and allocate quotas and with it the system of supply management was gradually built throughout Canada in the 1970s. A dairy national agency had already been formed in 1966, the Canadian Dairy Commission, to stabilize the price of milk for processing. It operated as a selling agency. Dairy became supply-managed in 1970 with the creation of the Canadian Milk Supply Management Committee<sup>60</sup>.

Marketing boards existed well before the 1970s, although they did not have the special authority that was mentioned in the previous paragraph.

First coming together in groups, farmers started to act in unison to guarantee themselves greater market stability in the face of unpredictable production cycles. For example, they set common floor prices which their members respected. Early farm organizations lacked leverage, however, and therefore turned to provincial governments to create marketing boards. These boards were either government-sanctioned producer groups or appointed bodies, with legally binding, province-wide

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<sup>58</sup> Wilson, *Farming the System*, 168.

<sup>59</sup> "History of Supply Management," Chicken Farmers of Canada, accessed July 12, 2013, <http://chickenfarmers.ca/chicken-industry/history-of-supply-management>.

<sup>60</sup> "History of the CDC," Canadian Dairy Commission, accessed July 12, 2013, <http://www.cdc-ccl.gc.ca/CDC/index-eng.php?id=3793>.

authority to conduct such marketing activities as pricing and production management to meet demand through marketing quotas<sup>61</sup>.

The act also established national marketing agencies and the National Farm Products Marketing Council<sup>62</sup>. The national egg agency was formed in 1972, the turkey agency in 1973, the chicken agency in 1978 and the hatching egg one in 1986. The system for dairy was set up in 1966 independently as the Canadian Dairy Commission, which set industrial milk prices<sup>63</sup>. The price of industrial milk then had a direct impact on the price of fluid milk.

Provinces already had marketing boards before 1972, but they were all independent from one another. During the 1960s, interprovincial battles occurred on different agricultural products.

Hostilities commenced in Quebec in 1966 when the Quebec egg farmers established FEDCO, the Quebec egg marketing board, to set the wholesale price for all eggs sold in the province. Egg suppliers from other provinces such as Ontario and Manitoba refused to co-operate with FEDCO. A black market for eggs arose. The Quebec Provincial Police seized illicit eggs. Quebec egg producers overturned contraband egg truckloads. The counterattack came when Ontario introduced legislation to exclude Quebec broiler chickens, and Nova Scotia and New Brunswick threatened to do the same<sup>64</sup>.

There ensued a back-and-forth of blackmailing between provinces. “The only solution was a federal-provincial agreement”<sup>65</sup> and from there came the federal act that would put in place supply management. Because uncoordinated interprovincial movements of products created uncertainty and continuously undermined farmers of one province to the advantage of those from another province – processors from one province could import cheaper products from another

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<sup>61</sup> “Supply Management,” Canadian Dairy Commission, accessed July 12, 2013, <http://www.cdc-ccl.gc.ca/CDC/index-eng.php?id=3806>.

<sup>62</sup> Janigan, “Why Chickens Don’t Come Cheap.”

<sup>63</sup> Ibid.

<sup>64</sup> Ibid.

<sup>65</sup> Ibid.

province for example – there was a willingness to create a Canadian integrated system of production and marketing for agriculture. The system was, in addition to the chicken and egg wars, also strongly motivated by a willingness to increase revenues of farmers after several years of fluctuating prices as well as the negotiating power of farmers vis-à-vis processors<sup>66</sup>. The government at first wanted to find a solution for agriculture at large, as fluctuating prices and revenues were observable in all agricultural sectors. Cattle producers strongly opposed their sector being integrated into a supply-managed sector and mainly due to this position, the act that permitted supply management was only relevant to poultry and eggs<sup>67</sup> and complemented the system put in place in dairy in 1970.

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<sup>66</sup> Skogstad, *Internationalization and Canadian Agriculture*, 144.

<sup>67</sup> Wilson, *Farming the System*, 173.

## CHAPTER TWO: LITERATURE REVIEW

The thesis aims at answering the research question: What domestic factors explain the inconsistent position, advocating for both liberalization and protectionism, that Canada has been advocating in the Uruguay and Doha rounds of negotiations on agriculture since 1985?. The argument is divided into two parts. Despite the Canadian neo-liberal shift in agriculture, Canada defends both liberalization and protectionism because, (1) of the dominant influence of farmers' organizations from the supply management sector; and (2) protectionism is in the interest of Ontario and Quebec. The second argument is in turn divided into two components: Canada continues to defend supply management because (a) protectionism is in the interest of dominant Central Canada; and (3) not to revive Quebec separatism as protectionism is important for Quebec agriculture. The first section of the literature review will be divided accordingly.

The first part of the literature review starts by discussing previous work that has focused on the Canadian government's position in the Uruguay and Doha rounds. Then will be presented literature related to: interest groups and their influence on agricultural policy; theories applicable to interest-group influence; work done on Central Canada dominance will be presented; and research done on Quebec separatism and more specifically on this force as a prime motivation of certain policy outcomes at the federal level.

In the second part of the review, the more general literature in which the research project is situated will be presented. Indeed, the research will hopefully contribute to the literature on: domestic versus external determinants of foreign policy, the influence of domestic interest groups on foreign policy and federalism and foreign policy. The second part of the literature review will

therefore discuss the work that has already been done on these three areas of research in order to better situate where the findings will fit.

## **Part 1: Literature specific to the thesis**

### *Canada's position in agricultural trade negotiations*

The research question that will guide the thesis has not been the subject of research before. The explanations for Canada's contradictory position in the Uruguay and Doha rounds of agricultural negotiations have been examined in a number of academic works, but have not been the sole focus of an extensive research. A few academics studying Canadian agricultural policy have devoted a section of their work to this question, but that is all. There have been several research projects on agricultural trade negotiations in which Canada has taken part, but again, not focusing on explaining the position Canada has held in these negotiations.

Grace Skogstad has written extensively on Canadian agricultural policy and has touched on the subject of agricultural trade negotiations through a number of her pieces of work. For one, she has argued that farmers' organizations from the supply-managed sector have had considerable influence over the negotiations of the Canada–United States Free Trade Agreement and of the Uruguay round<sup>68</sup>. The United States' government put a lot of pressure on Canadian negotiators for supply management to be dismantled, in order to allow American imports of dairy, chicken and eggs. The Canadian government outright refused to negotiate on the subject and Skogstad attributes this feature to the preponderant influence of supply-management

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<sup>68</sup> Skogstad, "The State, Organized Interests and Canadian Agricultural Trade Policy," 341-342.



organizations. Skogstad claimed the same dynamics occurred for the Uruguay round negotiations, where the United States was once more pressing for supply management to be abandoned<sup>69</sup>. Still, Skogstad does not detail the causal mechanism behind her explanation; she does not pinpoint the factor that explains what she sees is a preponderant influence of the supply-management farmers' organizations. Skogstad has also argued that the Canadian government's position mirrored the position advocated by the Canadian Federation of Agriculture (CFA). The CFA is the most important of the two national organizations that represent Canadian farmers generally. She claims this is because the federal government and the CFA have strong ties<sup>70</sup>. Although this last analysis might be accurate, it appears to be thin, as it does not take into account the influence of sectoral organizations, which Skogstad herself acknowledges in other work.

In addition to Skogstad's work, Andrew Cooper's book *In Between Countries: Australia, Canada, and the Search for Order in Agricultural Trade* has also importantly contributed to the small literature on Canada's position in agricultural trade. Cooper did a comparative analysis of Canada and Australia's diplomatic strategies in the Uruguay round of agricultural negotiations. A few specific elements of Cooper's analysis are particularly relevant for this research. First, Cooper puts forward that the contradiction in Canada's position is an expression of compromise between diverging interests. It is quite obvious that the Canadian government's position is a representation of both the interests of the supply-managed sector and of the export-dependent sector. Cooper accordingly argues that compromise is a recurring trait of Canadian politics in general:

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<sup>69</sup> Skogstad, *Internationalization and Canadian Agriculture*, 153.

<sup>70</sup> Skogstad, "The Uphill Struggle to Prevail," 202.

To comprehend the dichotomous nature of Canada's position, the salience of accommodation in Canadian politics must be taken into account. [...] Canadian state officials, fearing the risk of division between different societal interests, did not present the public with clear choices. On the contrary, Canadian politics favoured the art of compromise, whereby abundant efforts were made to satisfy as many interests as possible. [...] Given the potential for regional divisions to inflame political emotions, everything possible was done to defuse tensions along these lines<sup>71</sup>.

Cooper also claims that compromise and reconciliation were part of Prime Minister Mulroney's personal style, therefore also explaining the "umbrella" position Canada adopted at the start of the Uruguay round<sup>72</sup>. Furthermore, he explains that there were important divisions between the different federal departments involved in the agricultural trade negotiations: the Ministry for the Canadian Wheat Board and grains and oilseeds, Ministry of International Trade, Ministry of Agriculture. Officials from the different ministries were divided over a willingness to maintain the status quo or reform the Canadian agricultural sector and its policies<sup>73</sup>. There was intense disagreement within and between departments<sup>74</sup>. These cleavages partly explain, according to Cooper, the broad and contradictory position the Canadian government was advocating in the Uruguay round. Cooper's explanations are complementary to those of Skogstad as they focus less on farmers' organizations and more on Canadian political culture, bureaucratic bargaining and leadership personality and psychology. Cooper does take into account the influence of farmers' organizations, but he also underlines that the broader domestic political context has to be included in the equation.

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<sup>71</sup> Cooper, *In Between Countries*, 176.

<sup>72</sup> Ibid., 215.

<sup>73</sup> Ibid., 178-180.

<sup>74</sup> Ibid., 215.

## *Agricultural interest groups and their influence on agricultural policy*

Although little research has been specifically devoted to Canada's trade negotiation position, there is an extensive body of literature about Canadian farmers' organizations. The influence they exercise on the elaboration of agricultural policy has been discussed on numerous occasions<sup>75</sup>. Skogstad argues that out of the different actors involved in the agricultural sector (input corporations, producers, processors, retailers, consumers, etc.), producers have had much more influence than others in the post-Second World War period and that this influence is in part due to government attitude. Indeed, the federal and provincial governments have voluntarily listened to the interests of farmers, more so than to the other actors involved in the sector. Still, Skogstad notes that the processing industry has gained more influence since the 1980s. Around this period, the federal government, mainly, adopted a more integrative approach to agricultural-policy making and encouraged the input of the processing industry. The influence of producers on Canadian agricultural policy has therefore proportionally declined<sup>76</sup>. The analyses of Skogstad and other authors point to the fact that farmers' organizations have an important influence on Canadian agricultural policy and must therefore also influence the agricultural trade position the Canadian government has been advocating. The first argument, which focuses on farmers' organizations, therefore comes from this near-consensus in the literature that farmers' organizations are primary actors.

The characteristics of the system of Canadian farmers' organizations have also been described in several pieces of work. One of the basic features of the Canadian agricultural sector

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<sup>75</sup> See for example Skogstad, *The Politics of Agricultural Policy-Making in Canada*, "The Uphill Struggle to Prevail", *Internationalization and Canadian Agriculture*; Coleman, *Business and Politics*; Schmitz and al., *Agricultural Policy, Agribusiness, and Rent-Seeking Behaviour*.

<sup>76</sup> Skogstad, *Internationalization and Canadian Agriculture*, 150; 159.

is the deep schism that divides organizations of the supply-managed sectors and of the export-dependent sectors<sup>77</sup>. Indeed, there are roughly two areas of agriculture in Canada: sectors that are dependent on export (cereals, oilseeds, pork and beef) and sectors that are dependent on protectionist measures (dairy, chicken, turkey, eggs). Their interests are obviously divergent and there are important ideological divisions between them<sup>78</sup>. Sectors dependent on export are strong advocates of greater foreign market access and more broadly, of a deep liberalization of agricultural trade internationally and of agricultural policy in Canada. They are opposed to supply management, mainly because they feel that its defence by the federal government undermines Canada's position of pushing for further market access<sup>79</sup>. The division of the Canadian agricultural sector by production type and interests is common and widely accepted and is therefore an important factor that has to be taken into account in this research project. The categorization that several authors make is not nuanced. They make rough and approximate categories that do not include small productions such as fruits and vegetables, sheep, fish or honey. Although authors rarely incorporate marginal productions such as these in their analyses and do not explicitly explain why, it seems to be because of the little influence these sectors exercise in policy, or because their interests can be amalgamated with those of dominant sectors. Like in previous research, it does not appear pertinent to include *all* agricultural sectors in this research.

Among these two broad sectors of Canadian agriculture (supply management and export-dependent), the overwhelming influence of the supply-managed farmers' groups has been

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<sup>77</sup> Skogstad, "The Uphill Struggle to Prevail," 192-194.

<sup>78</sup> Skogstad, "Canadian Agricultural Programs and Paradigms," 497.

<sup>79</sup> Skogstad, "Federalism and Agricultural Marketing," 91-92; *Internationalization and Canadian Agriculture*, 142.

underlined by several academics, most notably Skogstad<sup>80</sup>. As mentioned earlier, Skogstad attributed the defence of supply management by the Canadian government in the trade talks of the Uruguay Round and of the Canada–United States Free Trade Agreement to the power and influence of the supply-management farmers’ organizations. Furtan and Gray have claimed that among these organizations, the dairy organizations are particularly influential<sup>81</sup>. In addition, Skogstad affirms that Quebec dairy organizations are the most influential among the different Canadian dairy groups; she claims that if Quebec was to separate, the dairy lobby would lose its most prominent voice<sup>82</sup>. It therefore seems that particular attention has to be devoted to dairy organizations.

Furthermore, the weakness of the most important national general farmers’ organization, the CFA, has been underlined by both Skogstad and Wilson. Canada counts two national general farmers’ organizations: the CFA and the National Farmers’ Union (NFU); their objective is to represent Canadian farmers as a whole. NFU has remained marginal though. In his book *Farming the System*, Wilson claimed the CFA has had difficulty being an umbrella organization because of the deep divisions occurring between its members. Member organizations have not been willing to compromise and the CFA has been unable to reconcile the different interests<sup>83</sup>. Skogstad also notes this weakness and complements Wilson’s claim by arguing that sectoral organizations (dairy, cattle, etc.) have become much more influential than general organizations, both at the federal and provincial levels<sup>84</sup>. She notes one exception to this trend that has taken place since

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<sup>80</sup> Skogstad, “The State, Organized Interests and Canadian Agricultural Trade Policy,” 330-331; *Internationalization and Canadian Agriculture*.

<sup>81</sup> Furtan and Gray, “The Constitutional Debate.”

<sup>82</sup> Skogstad, “Canadian Federalism, Internationalization and Quebec Agriculture.”

<sup>83</sup> Wilson, *Farming the System*, 142.

<sup>84</sup> Skogstad, “The State, Organized Interests and Canadian Agricultural Trade Policy,” 330-331.

1980s: the Union des Producteurs Agricoles (UPA), the provincial general organization that represents Quebec farmers. This is in part because UPA is the only farmers' organization in Canada that has a state-granted monopoly. Indeed, the Quebec government passed a law in 1972 giving the UPA a monopoly to represent all Quebec farmers; membership is therefore mandatory. Skogstad also notes the exceptionally strong relationship that exists between UPA and the Quebec government, as well as between the Ontario Federation of Agriculture (OFA) and the Ontario government<sup>85</sup>. Wilson also notes that the OFA is a powerful voluntary association of farmers in Canada<sup>86</sup>. In contrast to the power of UPA and OFA, and the well-coordinated organizations under supply-management, farmers' organizations west of Ontario are highly fragmented<sup>87</sup>. These conclusions underline the declining pertinence of the general national organizations and the growing relevancy of sectoral organizations.

The convergence of interests of the different actors involved in the supply management sector is also an important feature that has been demonstrated. Producers, processors and the state's interests are not antagonistic<sup>88</sup>. Producers benefit from the supply-management system. Because supply is controlled so it is equal to demand, revenues earned by farmers are stable and are calculated according to production cost and not determined by laws of market. Processors have a stable supply of products; the prices they pay for them remain stable (they may be higher than in a market-based system, but they may be lower as well). As for the state, the supply management system is a successful policy inasmuch as the objectives of the policy have been met: it has stabilized prices and farmers' revenues. In addition, the policy does not involve public

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<sup>85</sup> Skogstad, "The Uphill Struggle to Prevail," 190-191.

<sup>86</sup> Wilson, *Farming the System*, 137.

<sup>87</sup> Skogstad, "The State, Organized Interests and Canadian Agricultural Trade Policy," 330.

<sup>88</sup> Skogstad, *Internationalization and Canadian Agriculture*, 143.

spending<sup>89</sup>. It has been argued by opponents of supply management that although the state does not spend money, costumers bear higher costs of supply-managed products. In other words, except maybe the consumers, other actors in the agricultural sector of the economy have similar interests. Farmers' organizations therefore appear to be primary actors, but the interests and influence of processors should also be accounted for, as they can reinforce the power of the producers. On the other hand, no research has been done on the level of convergence of interests of the farmers and processors in the productions dependent on export.

In addition, the processing industry has become more and more concentrated over the last decades. Skogstad argues that the consolidation of the agri-food processing industry justifies the continuous role and responsibilities government take<sup>90</sup>. Indeed, farmers generally produce on an individual basis and therefore marketing organizations allow them to have much more bargaining power. Because the processing industry is becoming heavily concentrated, and therefore less choice is offered to producers to sell their production, the state feels it has to continue giving farmers' organizations disproportionate influence.

Finally, Coleman has extensively studied characteristics of interest groups and the relations they develop with government. In his book *Business and Politics: A Study in Collective Action*, he describes two prime roles interest groups can play: policy advocacy and policy participation. In very brief words, policy advocacy is when groups try to influence state policy. Policy participation is an active role in policy elaboration or policy implementation. Groups that exercise policy participation have different characteristics than those who only exercise policy advocacy; the former are more "policy capable". In terms of policy advocacy, features that

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<sup>89</sup> Coleman and al., "Paradigm Shifts and Policy Networks," 294.

<sup>90</sup> Skogstad, "Canadian Agricultural Programs and Paradigms," 503.

determines the scale of influence of a group is its resources: budget, staff, expertise, etc. Coleman argues groups need to possess knowledge about the policy process, the political impact of the policy and technical knowledge specific to the policy<sup>91</sup>. In addition, groups must be able to mobilize political support; there must be a strong cohesion among its members, easier if the interests are narrow and specialized; and their organization must comprise political expertise in political intelligence, mobilization and lobbying. In terms of policy participation, these features are different. An organization must have the “capability to order and coordinate information and activities” and be “autonomous from its members and the state”. The criteria developed by Coleman are numerous, but a few examples are the following: organizations must be formed around a specific service or product; there should be a separate organization for each service or product and the membership of organizations should be mutually exclusive; there should be a vertical integration of organizations, with a peak association at the top; and organizations usually receive privileges from the state or other actors<sup>92</sup>. Coleman developed this typology through a study of business associations in Canada, including agricultural organizations. He notes though that agricultural organizations operate differently from other economic associations. For one, agricultural organizations are integrated on bases of territory and commodity that are much more pronounced than in other sectors<sup>93</sup>. Furthermore, they often have developed corporatist relationships with the state (corporatism is explained in the next section); although it occurs in other sectors, it seems to be characteristic of the agricultural sector. Coleman and others specify in later work that in Canadian agriculture, these corporatist relationships occur with supply-management organizations only. Farmers’ organizations in other provinces and non-supply

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<sup>91</sup> Coleman, *Business and Politics*, 48.

<sup>92</sup> Ibid., 51-57.

<sup>93</sup> Ibid., 45-46.



management groups in central Canada, in contrast, have pressure pluralist relations with government<sup>94</sup>. The relationship between interest groups and government will be further elaborated in the next section.

### *Pluralism, neo-corporatism and policy networks*

The two main theoretical frameworks used to analyse the influence that interest groups exercise on government have traditionally been pluralism and neo-corporatism. Pluralism was the main approach used in the 1950s and 1960s and corporatism was developed in reaction to observed gaps in the pluralism framework. Let's start with a definition of both frameworks. Schmitter defines pluralism as:

a system of interest representation in which the constituent units are organized into an unspecified number of multiple, voluntary, competitive, non-hierarchically ordered and self-determined (as to type and scope of interest) categories which are not specially licensed, recognized, subsidized, created or otherwise controlled in leadership selection or interest articulation by the state and which do not exercise a monopoly of representational activity within their respective categories<sup>95</sup>.

Cawson defines neo-corporatism as:

a specific socio-political process in which organisations representing monopolistic functional interests engage in political exchange with state agencies over public policy outputs which involves those organisations in a role which combines interest representation and policy implementation through delegated self-enforcement<sup>96</sup>.

In a pluralism system, interest groups are numerous and are in competition with each other both for potential members and in terms of influencing the state. The degree of their influence on

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<sup>94</sup> Coleman and al., "Paradigm Shifts and Policy Networks," 285-293.

<sup>95</sup> Schmitter, "Still the Century of Corporatism?" 96.

<sup>96</sup> Cawson, *Corporatism and Political Theory*, 38.

decision-making is determined by the following factors: money, staff, information and most of all, the number of members<sup>97</sup>. The influence that groups have is also linked to the electoral process. Governments want to be re-elected and therefore first privilege the interests of the organizations that represent the preferences of a large portion of the electorate<sup>98</sup>. Competition between groups is a zero-sum game; benefits won by a group are lost by another<sup>99</sup>. In a corporatist system, interest groups have a monopoly or near-monopoly in a sector of the economy. Membership is mandatory. Individuals have only one option for their interests to be represented<sup>100</sup>. The influence of the group is therefore determined by the monopolistic situation it holds, and mainly by the privileged relationship it has with the state<sup>101</sup>.

The pluralist model depicts the relation between interest groups and the state as unidirectional. The objective pursued by groups is to represent the interests of their members and to influence the decisional process in their favour<sup>102</sup>. On the contrary, the relation is presented as bidirectional in the corporatist model. There is a mutual interdependence relation between the state and the group. Interest groups can provide information and most of all, can coerce their members into following state decisions. The state, on the other hand, can give privileges to groups and grant an organization with special status. Both the state and the group have to remain autonomous<sup>103</sup>. Groups are not only consulted; negotiations operate between the state and them. Furthermore, the state is independent and not “colonized” by the group. There is therefore a privileged relationship between the state and the group and this privilege becomes

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<sup>97</sup> Cawson, *Corporatism and Political Theory*, 29.

<sup>98</sup> Williamson, *Corporatism in Perspective*, 53.

<sup>99</sup> Cawson, *Corporatism and Political Theory*, 15.

<sup>100</sup> Williamson, *Corporatism in Perspective*, 96.

<sup>101</sup> *Ibid.*, 9; Cawson, *Corporatism and Political Theory*, 14.

<sup>102</sup> Williamson, *Corporatism in Perspective*, 3.

<sup>103</sup> Cawson, *Corporatism and Political Theory*, 19.

institutionalized; the relation becomes stable and change is slow<sup>104</sup>. Cawson also notes that corporatist groups primarily organize themselves around “functional” interests, not around values and moral issues. These functional interests are usually economic and producers are the most susceptible of economic agents to develop corporatist groups<sup>105</sup>.

Finally, the pluralist model conceives the state as an arena where different groups are in competition with each other. The state is viewed as an arbiter that harmonizes the interests and builds a consensus<sup>106</sup>. In other words, the state balances the interests of the different groups. Some groups are more influential, others are less. Power is not equally distributed among organizations, but it is distributed<sup>107</sup>. In the corporatist model, “the problem of excluded interests remains [...]. This is often conceived in terms of weak, poorly organised or underprivileged groups being kept away from the warmth of the corporatist earth<sup>108</sup>”. One group detains a monopoly or a near-monopoly in a given sector. Von Beyme explains though that there is no corporatism without at least three actors, most commonly capital, workers and the state. The corporatist system reconciles the potentially diverging interests of these three actors<sup>109</sup>. In the agricultural sector, these three actors would be the state, farmers and processors<sup>110</sup>.

In the 1980s, Cawson developed a new framework in which pluralism and corporatism were conceived not as competing but rather as complementary models<sup>111</sup>. Cawson defines them as ideal-types that constitute the two extreme poles of a continuum<sup>112</sup>. He justifies his new

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<sup>104</sup> Grant, *The Political Economy of Corporatism*, 57.

<sup>105</sup> Cawson, *Corporatism and Political Theory*, 12; 81.

<sup>106</sup> Williamson, *Corporatism in Perspective*, 55.

<sup>107</sup> *Ibid.*, 52

<sup>108</sup> Grant, *The Political Economy of Corporatism*, 28.

<sup>109</sup> Von Beyme, “Neo-corporatism: a New Nut in an Old Shell?” 176.

<sup>110</sup> Coleman, *Business and Politics*.

<sup>111</sup> Cawson *Corporatism and Political Theory*, 31.

<sup>112</sup> *Ibid.*, 39-41.

approach by arguing that most observed cases usually have characteristics of the two models; they fit in between these two extremes. Coleman and Atkinson later developed a more precise model than Cawson's. They developed a typology of six types of policy networks: state directed, clientele pluralism, corporatism, parentela pluralism, concertation, industry dominant pressure pluralism<sup>113</sup>. Their model is similar to Cawson's, but it is more nuanced, and they've applied it to the Canadian agricultural sector. Both Cawson's continuum and Coleman and Atkinson's policy networks are useful in this research as Canadian agricultural interest groups do express characteristics of both pluralism and corporatism.

Farmers' organizations do have a privileged and interdependent relationship with the state<sup>114</sup>. The support of their members is necessary to the implementation of agricultural policies. There are several organizations, but they each hold a monopoly or near-monopoly in their respective sector (ex. Dairy Farmers of Ontario). We do observe though a competition between the supply-management groups and the export-dependent groups in influencing the federal government, which is closer to the pluralist model. Membership is usually voluntary, except for the Union des Producteurs Agricoles (UPA) in Québec. The corporatist pluralism approach, which describes a system where groups compete, but are few in numbers<sup>115</sup>, would not be sufficient in as much that Canadian farmers' organizations benefit as well from privileged relationships with federal and provincial governments and they have converging interests with the agri-food industry.

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<sup>113</sup> Coleman and Atkinson, "Strong States and Weak States."

<sup>114</sup> Skogstad, "The Uphill Struggle to Prevail," 190-191.

<sup>115</sup> Rokkan, "Norway: Numerical Democracy and Corporate Pluralism."

### *Central Canada dominance*

Canada's political system has traditionally been highly brokerage and transactional in nature<sup>116</sup> and Quebec and Ontario have been said to have an upper hand in federal politics. It has been argued and demonstrated that their interests prevail to the detriment of the interests of Western and Atlantic Provinces. This dominance has fuelled considerable discontent among "peripheral" provinces, particularly in the West<sup>117</sup>. One of the most cited example to illustrate this trend is the National Energy Program introduced by Trudeau in 1981.

It has indeed been suggested by several authors that supply management has continued to be defended domestically and internationally because it is concentrated in central Canada. Cooper underlined that Conservative MPs from Ontario and Quebec and Prime Minister Mulroney, during the Uruguay Round, were very concerned about the potential impact of the WTO agreement on the livelihoods of supply management farmers in these two provinces<sup>118</sup>. Skogstad also claims that "federal parties and parliamentarians of all stripes have been cognizant of the political power of supply management in central Canada: in part a result of swing rural votes in large provinces such as Ontario and Quebec, but also in large part a function of the organizational strength and coherence of the supply management lobby"<sup>119</sup>.

The latter part of Skogstad's explanation points to another important element embedded in the dominance of central Canada for supply management and that has been mentioned in the previous sections: the corporatist relationships the supply-management organizations have

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<sup>116</sup> Cooper, *In Between Countries*, 176.

<sup>117</sup> Braid and Sharpe, *Breakup: Why the West Feels Left Out of Canada*; Kilgour, *Inside Outer Canada*.

<sup>118</sup> Cooper, *In Between Countries*.

<sup>119</sup> Skogstad, *Internationalization and Canadian Agriculture*, 143.

developed with the Ontario and Quebec governments. In Ontario and Quebec, farmers' organizations are viewed as collaborators by the government and the processors. Both producers and processors are consulted by the government when it elaborates new or modifies existing agricultural policies. And therefore, because Ontario and Quebec governments have particular and close relationships with supply management farmers' organizations, with whom processors have shared interests, these two provincial governments have become strong advocates of supply management<sup>120</sup>. Central Canada dominance therefore seems to be an explanatory factor in federal policy outcomes and this has already been acknowledged for the realm of agricultural policy. Still, the link has not yet been established between central Canada dominance and the defence of supply management internationally by the Canadian government.

### *Quebec separatism*

The Quebec independence movement is a recurring variable in Canadian politics. It has been studied extensively, but what is of particular interest in the context of this research is when the Quebec independence movement fuels particular policy outcomes on the federal level. In his book *National Health Insurance in the United States and Canada*, Boychuk tries to identify the factors that encouraged the development of national public health insurance in Canada and those that prevented this development in the United States<sup>121</sup>. Boychuk argues that "territorial integration" was a determining factor in Canada. He demonstrates that Quebec separatism impacted Canadian national unity. The federal government viewed implementation of national

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<sup>120</sup> Skogstad, "Canadian Agricultural Programs and Paradigms," 504.

<sup>121</sup> Boychuk, *National Health Insurance in the United States and Canada*.

public health insurance as a tool of nation-building, as a way of creating a direct link between the federal government and Canadian citizens, most notably in Quebec. It wanted to “foster a sense of attachment between [citizens of Canada] and the national polity”<sup>122</sup>. He also explains that social policy triggered competitive state-building, as the Quebec government strongly wanted to assert its autonomy, and social policy was one of the areas through which it could assert it. National public health insurance was gradually put in place in the 1960s and 1970s. Because of the referendums on Quebec sovereignty of 1980 and 1995, the federal government expressed renewed activism in the realm of national public health in order to show that “federal involvement was required to maintain the standards of social programs in Quebec”<sup>123</sup>. Boychuk argued the same factors – competitive nation building and territorial dynamics – explained the development of redistributive policies in Canada<sup>124</sup>. Research such as Boychuk’s demonstrate that Quebec separatism can be an independent variable that explains certain policy outcomes at the federal level. Supply management is of high interest for Quebec; 30 per cent of Quebec farms function under supply management, the highest percentage for all provinces<sup>125</sup>. Although a plausible explanation, it appears that Quebec separatism has never been framed as an explanatory factor to the maintenance of supply management.

Little has been written on Quebec separatism and agriculture more generally either. Belzile stated that farmer support for Quebec sovereignty is not substantially more or less prevalent than in the Quebec population in general<sup>126</sup>. About 50 per cent of Quebec farmers supported independence of the province in the 1990s. Furtan and Gray, as mentioned earlier,

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<sup>122</sup> Boychuk, *National Health Insurance in the United States and Canada*, 9.

<sup>123</sup> Ibid., 137.

<sup>124</sup> Boychuk, “Territorial Dynamics and the New Politics of Redistribution in Canada.”

<sup>125</sup> “Population by year, by province and territory,” Statistics Canada, accessed October 29, 2012, <http://www.statcan.gc.ca/tables-tableaux/sum-som/101/cst01/demo02a-eng.htm>.

<sup>126</sup> Belzile, “Le monde rural appuie la souveraineté.”

demonstrated that the most important consequence of Quebec independence for the Canadian agricultural lobby would be in the dairy sector. Sectors that are now protected would become more “free trade oriented”<sup>127</sup>. It has also been mentioned that the UPA endorsed sovereignty in 1995 and after the referendum’s failure, explicitly asked for agriculture to become an exclusively provincial power<sup>128</sup>.

## **Part 2: General literature**

The previous part of the literature review has presented research focusing on Canadian agricultural policy and on which the present research builds. It is now useful to turn to the more general literature in which the research inscribes itself. This second part is divided into three sections. Each gives a broad overview of a sub-field to which the research hopes to contribute. The first section describes the debate around domestic versus external determinants of foreign policy. The second section outlines in big strokes general key findings in research on interest groups and their influence on foreign policy, another area to which this research is linked. The third and final section provides an overview of research on the relationship between federalism and foreign policy.

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<sup>127</sup> Furtan and Gray, “The Constitutional Debate.”

<sup>128</sup> Skogstad, “Canadian Federalism, Internationalization and Quebec Agriculture,” 28.



### *Domestic versus external sources of foreign policy*

The determinants of foreign policy are the subject of an ongoing debate in the fields of international relations and foreign policy. There have been and still are important divisions among academics as whether foreign policy is predominantly determined by domestic or by external factors.

Classical realists conceive foreign policy as being determined by the international system. States only react to the actions of other states and to changes in the international system, and their foreign policy is determined by their position in the system. Domestic politics do not influence a country's foreign policy; systemic factors predominate. Classic realism is the main theory which has dismissed domestic sources of foreign policy. Some classic realists have more recently integrated into their analysis the beliefs and preferences of the individuals and groups of people involved in the elaboration of foreign policy, while still putting the emphasis on external and systemic sources of foreign policy. Rose calls these theorists neoclassic realists<sup>129</sup>. Apart from classical realists, there is a wide consensus that foreign policy has domestic sources.

Theories and models acknowledging domestic factors as having an influence on foreign policy are numerous and diverse. Neo-liberal theorists of international relations were among the first to put an emphasis on domestic politics<sup>130</sup>, and the emergence and development of the subfield of foreign policy analysis was, according to Hill, the most important trigger in generating a wide acceptance of the existence of domestic sources of foreign policy<sup>131</sup>. Indeed,

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<sup>129</sup> Rose, "Neoclassic Realism and Theories of Foreign Policy."

<sup>130</sup> *International Encyclopedia of Political Science*, s.v. "foreign policy analysis."

<sup>131</sup> *Ibid.*

the idea that internal factors of a state influence its foreign policy is now widely accepted<sup>132</sup>. The debates now revolve less around whether or not foreign policy is determined by internal or external factors, but rather around the relative weight of each. There is an important body of work pertaining to domestic factors of foreign policy and the independent variables put forward by different research are varied.

Lawrence talks about three main approaches to domestic factors that influence foreign policy: organized interests, epistemic communities and public opinion<sup>133</sup>. The influence of organized interests on foreign policy was put forward by several neo-liberal theorists. For example Robert Keohane in *Cooperation and Discord in the World Political Economy*<sup>134</sup>, shows the influence of domestic interest groups on the United States' foreign policy. Another example is Milner's demonstration of how business associations and business corporations have influenced American foreign policy<sup>135</sup>. The concept of "epistemic communities" was developed in parallel to express the influence that experts such as academics and think tanks have on foreign policy<sup>136</sup>. There has also been extensive work on the influence of public opinion<sup>137</sup>.

Other domestic factors have been put forward. The field of foreign-policy decision-making has focused on "human decisional behavior"<sup>138</sup>. This subfield of international relations has demonstrated the importance of leaders and the small groups of individuals involved in the

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<sup>132</sup> Hudson, *Foreign Policy Analysis*; Putnam, "Diplomacy and Politics: The Logic of Two-Level Games," 427.

<sup>133</sup> Jacobs and Page, "Who Influences U.S. Foreign Policy?"

<sup>134</sup> Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy*.

<sup>135</sup> Milner, *Interests, Institutions, and Information*.

<sup>136</sup> See for example Haas, *Knowledge, Power, and International Policy Coordination*; Hall, *The Political Power of Economic Ideas*; Nelkin, "Scientific Knowledge, Public Policy, and Democracy."

<sup>137</sup> See for example Hartley and Russett, "Public Opinion and the Common Defense"; Holsti, *The State, War, and the State of War*; Nincic, "U.S. Soviet Policy and the Electoral Connection."

<sup>138</sup> *Oxford Handbook of International Relations*, s.v. "foreign-policy decision-making."

formulation of foreign policy. Stuart identifies Snyder, Bruck and Sapin<sup>139</sup> as being the first to convincingly argue for “shifting the focus of IR research away from the reified nation state and toward those whose authoritative acts are, to all intents and purposes, the acts of the state”<sup>140</sup>.

Finally, Foyle and Van Belle identified four main domestic sources of foreign policy<sup>141</sup>. Like Lawrence, they identify interest groups and public opinion. The third and fourth they underline are the media and elections. They specify there is still much controversy around the effect of public opinion and elections on foreign policy. For both, some scholars argue public opinion and elections do not affect the elaboration of foreign policy and some argue there is a direct effect. As for the media, Foyle and Van Belle claim Cohen<sup>142</sup> was the first to illustrate the link between mass media and foreign policy. They view the media variable as being articulated around two poles in the literature: the media as an arena where views compete and the media as a catalyst for the formation of public opinion. The fourth main domestic source of foreign policy, according to Foyle and Van Belle, are interest groups. The next section will be dedicated to them.

### *Interest groups and foreign policy*

As was just illustrated, the relation between interest groups and foreign policy is a sub-part of the broader literature on the domestic sources of foreign policy. It is here treated in a different section as the research will contribute to this broad literature *and* more specifically, to the literature on interest groups and foreign policy.

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<sup>139</sup> Bruck and Sapin, *Foreign Policy Decision Making*.

<sup>140</sup> *Oxford Handbook of International Relations*, s.v. “foreign-policy decision-making.”

<sup>141</sup> Foyle and Van Belle, “Domestic Politics and Foreign Policy Analysis.”

<sup>142</sup> Cohen, “Mass Communication and Foreign Policy.”

The seminal work on the link between organized interests and foreign policy is Schattschneider's *Politics, Pressure and the Tariff*<sup>143</sup>. He demonstrated the influence of business associations on US commercial foreign policy. "Subsequent research has broadened significantly the definition of 'group' to include not only business associations but various other types of nongovernmental organizations concerned with foreign policy. Much of this literature reinforces Schattschneider's original premise of the significant impact (real or anticipated) of organized groups upon the making of foreign policy<sup>144</sup>".

The first important piece of work on the effect of interest groups on foreign policy therefore focused on trade policy and economic pressure groups. The contemporary literature on organized interests and foreign policy is in fact very much focused on the economic area of policy. Indeed, Foyle and Van Belle argue the main characteristic of the literature on interest groups and foreign policy is that it has remained very focused on two areas: the influence of ethnic lobbies on foreign policy and the influence of economic groups on trade policy.

Indeed, there has been a wide array of research done on the influence of ethnic lobbying on foreign policy. Like the literature on economic organized interests and trade policy, most of the literature has concentrated on the United States case<sup>145</sup>. The two cases that have been most analyzed in the United States are the Israel and Jewish lobby and the Cuban lobby<sup>146</sup>. Foyle and Van Belle explain that research on the Cuban lobby has been especially instructive in showing the importance of domestic politics for the formulation of foreign policy. They explain that the harsh American foreign policy toward Cuba cannot be explained by external factors. Cuba was

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<sup>143</sup> Schattschneider, *Politics, Pressures, and the Tariff*.

<sup>144</sup> Goldberg, *Foreign Policy and Ethnic Interest Groups*.

<sup>145</sup> Foyle and Van Belle, "Domestic Politics and Foreign Policy Analysis."

<sup>146</sup> See for example Ahrari, *Ethnic Groups and U.S. Foreign Policy*; Ambrosio, *Ethnic Identity Groups and U.S. Foreign Policy*; Smith, *Foreign Attachments*.

not a powerful country economically or militarily. Its position in the international system did not justify the US embargo. The Cuban case allows the rare opportunity of clearly isolating the domestic variables, in this case the influence of the Cuban lobby in the US<sup>147</sup>.

The second focus of the literature on interest groups and foreign policy is the influence of economic organized interest on trade policy.

One of the more unusual aspects of the domestic sources of foreign policy literature has to be the estrangement of the study of interest groups as a domestic source of foreign policy from the literature on interest groups and trade policy formation. Unlike the process and structural focus of the interest groups and foreign policy literature, the core of the trade policy research is built upon an economics and econometric approach to theory and research<sup>148</sup>.

The part of the thesis research that puts forward the influence of agricultural interest groups on the Canadian government's position is part of the literature relative to trade policy, as Canada's position is a position on international agricultural trade. It is also noteworthy that the role of interest groups in the implementation of protectionist economic policies has been illustrated in several research studies<sup>149</sup>. As has been underlined by Foyle and Van Belle, the link between groups and trade policy has mostly been studied by economists and less so by political scientists.

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<sup>147</sup> Haney and Vanderbush, *The Cuban Embargo*.

<sup>148</sup> Foyle and Van Belle, "Domestic Politics and Foreign Policy Analysis."

<sup>149</sup> See for example Ikenberry, Lake and Mastanduno, *The State and American Foreign Policy*; Nelson, "Endogenous Tariff Theory."

## *Federalism and foreign policy*

This research will hopefully contribute to the literature on federalism and foreign policy as well. Federalism does appear to be a variable that has to be taken into account. For one, agriculture is a shared jurisdiction in Canada; both the federal government and the provincial governments intervene in the area of agricultural policy. Also, partly because agricultural production is regionally concentrated, tensions between sectors have led to tensions between provinces as well. Indeed, if an economic activity is regionally or provincially concentrated, chances of the interests of this sector being represented by regional or provincial governments are increased<sup>150</sup>.

If we turn to the broader literature on federalism and foreign policy, there remain important debates on the effects of the former on the latter. Simeon has argued that the federal system reduces the influence of interest groups on foreign policy, and policy in general<sup>151</sup>. Political authority is diffused in a federal system; interest groups are therefore unable to target a circumspect actor. Skogstad has argued for the opposite. According to her, the federal system rather offers more “access points” to interest groups<sup>152</sup>. They can target both federal and provincial ministries, bureaucrats and Cabinet members. These numerous entry points offer wider possibilities for the interest groups to influence policy.

Also focusing on the Canadian case, Kukucha claims provinces have become increasingly relevant in international trade<sup>153</sup>. The involvement of sub-federal governments in foreign policy has been studied on numerous occasions, but the effect of this involvement on the elaboration of

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<sup>150</sup> Skogstad, *The Politics of Agricultural Policy-Making in Canada*, 8-9.

<sup>151</sup> Simeon, *Federal-Provincial Diplomacy*, 144.

<sup>152</sup> Skogstad, *The Politics of Agricultural Policy-Making in Canada*, 159.

<sup>153</sup> Kukucha, *The Provinces and Canadian Foreign Trade Policy*, 5.

foreign policy by the federal government remains the subject of debate. Brown and Fry, as well as Nossal, have argued that the Canadian federal government remains in charge of foreign policy and that provincial activism has had little effect on it<sup>154</sup>. Skogstad on the other hand has illustrated that the Canadian federal government and the provincial governments have developed a mutual dependence relationship<sup>155</sup>. Kukucha underlines the same idea. He claims that as international agreements increasingly covered new policy areas that were under the jurisdiction of Canadian provinces, such as agriculture, energy and labour, the cooperation of provinces became more important and therefore their input was sought in accordance<sup>156</sup>. Still, he states that the autonomy and independence of the federal government in formulating foreign policies has not been diminished.

### *Conclusion of the literature review*

The position the Canadian government has held in the agricultural trade negotiations of the Uruguay and Doha rounds has not been the subject of much attention by political scientists. Still, Canadian agricultural policy has been studied by a few. Among other things, we should note that sectoral and territorial tensions divide the agricultural sector. Furthermore, agricultural interest groups, and more particularly farmers' organizations, have had much influence in the agricultural policy space. Organizations from the supply-management sector have developed corporatist relationships with provincial governments, especially in Quebec and Ontario. All of the above are domestic factors, which seem to be the main factors looked at in the analysis of

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<sup>154</sup> Brown and Fry, *States and Provinces in the International Economy*; Nossal, *The Beijing Massacre*.

<sup>155</sup> Skogstad, *Internationalization and Canadian Agriculture*.

<sup>156</sup> Kukucha, *The Provinces and Canadian Foreign Trade Policy*, 3.

Canadian agricultural trade policy. Although classical realists dismissed domestic factors, there is a near-consensus among scholars of foreign policy and international relations that foreign policy has domestic sources and that domestic politics must be taken into account when trying to understand the origins of foreign policies. Among these domestic sources are domestic interest groups, which many scholars have seen as influencing the elaboration of foreign policy. This is particularly true for trade policy, the subject of this thesis.



### CHAPTER THREE: METHODOLOGY

This section provides a few pertinent explanations about the scope of the research, as well as a description of data collection.

The supply management system governs five agricultural sectors in Canada: dairy, chicken, turkey, table eggs and hatching eggs. The research for this thesis has been limited to data on dairy, chicken and table-egg productions and organizations. This exclusion of the turkey and hatching-egg sectors made the research more manageable. And the small size of these sub-sectors helped justify not researching these sectors. The following table shows the number of members for each of the five supply-managed sectors' national farmers' organizations, for 2012. These numbers indicate the number of farmers for each of the five sectors and they show the turkey and hatching-egg industries are much smaller than the other three. Furthermore, the treatment of the supply-management system in the media and in academic research very often limits itself to dairy, chicken and table eggs. This is probably both because of the scale of the industries and for simplicity. Additionally, the term "egg" will refer to table eggs in the rest of this document, unless otherwise specified , for the sake of brevity.

Table 1. Number of members of the five national supply-managed farmers' organizations

<b>National organization</b>	<b>Number of members</b>
Dairy Farmers of Canada	12 529
Chicken Farmers of Canada	2 682
Egg Farmers of Canada	1 016
Turkey Farmers of Canada	531
Canadian Hatching Egg Producers	300

Source: "About Us," Dairy Farmers of Canada, <http://www.dairyfarmers.ca/who-we-are/about-us>; "2012 Annual Report," Chicken Farmers of Canada, <http://chickenfarmers.ca/upload/Documents/2012-annual-report.pdf>, 27; "Annual Report 2012," Egg Farmers of Canada, [http://eggfarmers.ca/wp-content/uploads/2013/04/EFC\\_Annual\\_Report\\_2012\\_EN1.pdf](http://eggfarmers.ca/wp-content/uploads/2013/04/EFC_Annual_Report_2012_EN1.pdf), 19; "Canadian Turkey Industry – 2012," Turkey Farmers of Canada, <http://www.turkeyfarmersofcanada.ca/industryStatistics/turkeyIndustry/>; "About CHEP," Canadian Hatching Eggs Producers, <http://www.chep-poic.ca/about.html>.

On a related subject, some provinces were also excluded from the study. The supply management system is pan-Canadian; it applies to the same five sectors in all provinces and territories. Yet, the study has concentrated on data from six provinces: Québec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. In comparison to these provinces, the Maritime provinces and the territories have marginal agricultural productions in general, and marginal productions in the supply-managed sectors in particular. The table below compiles the number of supply-managed farms in the ten provinces. As the table illustrates, the exception to this is Nova Scotia, which in fact has more supply-managed farms than Saskatchewan. But again, to render the research manageable, all four Maritime Provinces were excluded. Statistics Canada

does not compile these data for territories and the national supply-managed agencies do not have the equivalent of provincial marketing boards for the territories, except the Egg Farmers of Canada, the Canadian egg marketing agency, of which a Northwest Territories producers' board is a member<sup>157</sup>.

Table 2. Number of supply-managed farms by province for 2011

	<b>Dairy</b>	<b>Chicken</b>	<b>Eggs (table and hatching)</b>
<b>British Columbia</b>	587	326	708
<b>Alberta</b>	485	162	128
<b>Saskatchewan</b>	141	61	40
<b>Manitoba</b>	333	94	115
<b>Ontario</b>	4 036	816	566
<b>Quebec</b>	5915	398	164
<b>New Brunswick</b>	228	11	33
<b>Nova Scotia</b>	257	77	57
<b>Prince Edward Island</b>	189	8	7
<b>Newfoundland and Labrador</b>	36	7	12
<b>Canada</b>	12 207	1 960	1 830

Source: "Census of Agriculture, farms classified by the North American Industry Classification System (NAICS), Canada and provinces, 2011," Statistics Canada, <http://www5.statcan.gc.ca/cansim/a47>.

The discrepancies between the numbers in the two previous tables can be explained in several ways. First of all, the first table compiles numbers for 2012 while the second compiles 2011 numbers. Additionally, the first table reflects the number of members while the second has the number of farms. The number of members is often higher because there may be more than one farmer per farm. Several farms are owned by at least two agricultural producers (husband and wife, father and son, two business partners, etc.).

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<sup>157</sup> "Partners – Egg Boards," Egg Farmers of Canada, accessed July 13, 2013, <http://eggfarmers.ca/our-industry/partners/>.

An important component of the data collection has been a survey, sent by mail to approximately forty farmers' organizations, from both the supply-management and the export-dependent sectors (see Appendix B). The range of subjects on which the organizations were surveyed was quite large (see survey in Appendix C), but they were based on the criteria elaborated by Coleman in his work about policy advocacy and policy participation of interest groups.

First, the questionnaires surveyed organizations on their resources in order to compare the capacities of organizations. Organizations were asked to provide information such as their annual budget, number of employees and number of members. Organizations were asked to provide numbers for 2012 because it is the year for which they were most likely to provide precise answers. Many of these organizations are very small and only have a handful of employees; it is therefore doubtful that they have recorded numbers since the 1980s. Still, since the Canadian government's position was first elaborated in the mid-1980s, it would have been more interesting to compare data for the last thirty years and see if there have been important variations.

Second, the questionnaires surveyed organizations about the nature of the relationships they have developed with the federal and provincial governments. The goal of the questions was to evaluate the degree of collaboration with government and to identify the ministries they interact most with.

Third and last, the surveys aimed at characterizing the nature of the relationships organizations have developed among themselves, both between farmers' organizations, as well as assessing the organization's view on Canada's position. Surveys were sent to the presidents of or executive directors of each organization and follow-up was done by phone and by email. The expected response rate was 25 per cent. The observed response rate was about 33 per cent.

The surveys provided interesting data, but extensive additional research had to be done to complement it. First of all, basic data on the economic importance of each sector (cereals, oilseeds, beef, pork, eggs, poultry and dairy) and the distribution of each production over the country were collected. Second, data were compiled by surveying publications of the farmers' organizations, such as their annual reports and policy papers. Third, there was a willingness to collect data by riding on the number of farmers and processing industries as well as the distribution over the provincial territories, in order to evaluate the electoral importance of the supply-management issue in Quebec and Ontario. Public databases did not fully provide these data and therefore approximate data were compiled from a study by the University of Calgary. Finally, a database of press articles from major Canadian anglophone newspapers mentioning "supply management", from 1980 to 2013, was built. A total of 164 articles were collected, based on relevancy, out of the 964 articles in the Lexis-Nexis Academic database. The articles were in turn surveyed to compile statements by politicians, arguments by journalists and political analysts and additional facts on Canadian supply management. Interviews conducted with farmers' organizations and government officials would have been an excellent source of information but the time, expertise and financial requirements for this enterprise are beyond the scope of this thesis.

Finally, although the Uruguay Round took place from 1986 to 1994 and the Doha Round started in 2001, a majority of the statistics presented are from the 2000s and 2010s. Often numbers for the 1980s and 1990s were not available. At times it would have been more accurate to present statistics from those decades. But although there is at times a lack of synchronicity between the negotiation periods and the years of the data, statistics illustrate ideas when put against each other. For example, there are no numbers for the scale of the processing industry for

each of the supply-managed sectors for the 1980s and 1990s. Still, the numbers for 2012 give us an idea of the scale of the industries and of their relative size to one another.

## CHAPTER FOUR: ANALYSIS – THE PREPONDERANT INFLUENCE OF THE FARMERS’ ORGANIZATIONS FROM THE SUPPLY-MANAGED SECTORS

Farmers’ organizations have had noticeable influence in the elaboration and implementation of agricultural policy in Western countries since the end of World War II<sup>158</sup>. Research has demonstrated that this observation includes Canada, where interest groups have been major players in the elaboration of agricultural policy<sup>159</sup>. And among interest groups, groups formed by agricultural producers were the main actors to influence policy until the 1980s<sup>160</sup>. During the 1980s, the Canadian government wanted to include a wider range of players in the development of agricultural policy, and processors have since emerged as important actors as well<sup>161</sup>. Of the numerous Canadian farmers’ organizations, those from the supply-managed sectors appear to stand out in terms of lobbying power.

Indeed, the preponderant influence of farmers’ organizations from the supply-managed sectors appears to be one of the main explanations in the continuous defence of the supply management system by the federal government in the Uruguay and Doha rounds of negotiations. They have a level of organizational capacities unparalleled by farmers’ organizations from other sectors such as cattle, hog and grains. The farmers from the dairy, poultry and egg industries are represented by the organizations that have the highest budgets, number of employees and publicity expenses. They are more cohesive and vertically integrated. They have developed strong coalitions in support of supply management, provincially and nationally. Farmers’

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<sup>158</sup> Halpin, *Surviving Global Change?*.

<sup>159</sup> See Skogstad, *The Politics of Agricultural Policy-Making in Canada*, “The Uphill Struggle to Prevail”, *Internationalization and Canadian Agriculture*; Schmitz et al., *Agricultural Policy, Agribusiness, and Rent-Seeking Behaviour*.

<sup>160</sup> Skogstad, *Internationalization and Canadian Agriculture*, 150;159.

<sup>161</sup> Ibid.

organizations from the supply-managed sectors have therefore been able to effectively lobby the Canadian government.

The influence of Canadian farmers' organizations on agricultural trade negotiations outcomes has been underlined in previous research. Skogstad mentions the Canadian Federation of Agriculture (CFA) and the Union des producteurs agricoles (UPA) from Quebec convinced the Canadian government to defend supply management during the Uruguay Round<sup>162</sup>. In previous work, Skogstad points to the influence of farmers' organizations from the supply-managed sectors during the negotiations that led to the Canada-United States Free Trade Agreement. Despite strong pressure from the United States to dismantle supply management and therefore allow unrestricted American imports of dairy, eggs and poultry, the Canadian government refused to even put supply management on the negotiation table. Skogstad attributes this decision to the sway of supply-managed groups<sup>163</sup>.

The Canadian media have also depicted the supply-management organizations as highly influential. The following quotes illustrate this point:

The worst offenders against reform were the perennial ones: Japan, Korea, the big producers in the European Union (notably France), the United States and Canada. Politicians in all these countries are scared stiff by their farm lobbies, in Canada's case by the supply managed farmers concentrated in Ontario and Quebec<sup>164</sup>. (Globe and Mail, 2006)

Parliament Hill is alive these days with lobbyists for the supply-managed farmers, the most powerful lobby group in Canada. They see potential threats to their cozy arrangements, and are mobilizing against the [CETA and TPP trade agreements]<sup>165</sup>. (Globe and Mail, 2011)

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<sup>162</sup> Skogstad, *Internationalization and Canadian Agriculture*, 153.

<sup>163</sup> Skogstad, "The State, Organized Interests and Canadian Agricultural Trade Policy," 341-342.

<sup>164</sup> Simpson, "Fear Trumps Reason in the Politics of Agriculture."

<sup>165</sup> Simpson, "It Hurts Dancing to Supply Management's Tune."



At [meetings for international trade negotiations], lobbyists for supply management always swarm the Canadian negotiating team<sup>166</sup>. (Globe and Mail, 2012)

L'UPA [...] is arguably the most powerful lobby group in Canada, along with the Canadian Association of Petroleum Producers<sup>167</sup>. (Globe and Mail, 2012)

Although these press comments are meager, they show some political observers feel supply-management organizations have a lot of influence on governmental decision-makers. It must be pointed out though that the quotes all come from the same columnist, Jeffrey Simpson from the Globe and Mail, and have been published between 2006 and 2012. Similar quotes are not present in articles that mention supply management in the Globe and Mail, the Financial Post/National Post, the Gazette or the Toronto Star for the years 1980 to 2005. This observation does not indicate that political observers thought otherwise, but it does tell us that these quotes only give us minimal insight; no pattern is observed in the media for the last forty years.

### *Organizational capacities*

The preponderant lobbying power of the supply-managed organizations can in part be explained by their important organizational capacities. In comparison to export-dependent farmers' organizations, supply-managed farmers' organizations have on average much more resources for the number of members they count.

The literature on interest groups brings forward some characteristics of groups that make them more influential. Among these are the number of members, the proportion of the sector that

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<sup>166</sup> Simpson, "Don't Touch the Milk and Eggs."

<sup>167</sup> Ibid.

is represented, the number of staff, and the budget. A large membership will give more legitimacy of representation. If an organization represents a very high proportion of the farmers in a given sector, this also increases its legitimacy and influence as the organization is the sole voice for the sector. The number of permanent employees is also an indicator of the influence an organization can have. If it has more employees, an organization has more resources to exercise pressure on government and to develop an expertise. The budget also impacts the influence the organization has. The bigger the budget, the more influence an organization can have. If it has important financial resources, an organization can initiate publicity campaigns, hire more employees who in turn can do research, hire a lobbyist, etc.

In terms of number of members, export-dependent farmers' organizations have a much larger membership (see Appendix D). This is clear if we compare the membership numbers of the three major supply-managed national organizations (Dairy Farmers of Canada, Chicken Farmers of Canada and Egg Farmers of Canada) to those of two major export-dependent national organizations (Canadian Cattlemen's Association and Grain Growers of Canada).

Table 3. Number of individual members of the main national supply-managed and export-dependent farmers' organizations

<b>Organization</b>	<b>Number of individual members</b>
Canadian Cattlemen's Association	63 500
Grain Growers of Canada	60 000
Dairy Farmers of Canada	12 500
Chicken Farmers of Canada	2 700
Egg Farmers of Canada	1000

Source: Data compiled from websites of organizations, except Grain Growers of Canada, where data came from the survey.

Yet, despite the much higher number of individual members of the export-dependent organizations, the number of employees and the annual expenditure budget of the supply-managed organizations are much higher (see Appendix E and F). The farmers' organization with the highest budget is the Fédération des producteurs de lait du Québec, whose 2011 expenditure budget was \$53 million<sup>168</sup>. The organization which comes second is the Egg Farmers of Canada, with a 2012 budget of \$22 million<sup>169</sup>. The budget of the Dairy Farmers of Canada is unknown, but could be expected to be higher than at least the Egg Farmers of Canada. The Chicken Farmers of Canada's budget in 2012 was \$7.2 million<sup>170</sup>. In comparison, even though their membership is several times higher, the budget of the Canadian Cattlemen's Association was \$3.6 million in 2012<sup>171</sup>, the Canadian Pork Council's was \$3 million in 2012<sup>172</sup> and the Grain Growers' was even lower<sup>173</sup>. The budget of the three latter organizations was lower than that of many provincial supply-managed organizations, including organizations such as les Éleveurs de volailles du Québec, Alberta Milk and Sask Milk, which respectively count 800, 600 and 170 members<sup>174</sup>. Supply-managed organizations therefore appear to have budgetary resources that are much more important than those of export-dependent organizations. Absolute numbers show this difference, but when set against the number of members organizations have, the contrast is much more accentuated. And high budgets allow organizations to fund activities such as publicity. For example, the Fédération des producteurs de lait du Québec spent \$15 million on advertising

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<sup>168</sup> "Annual Report 2011," Fédération des producteurs de lait du Québec, accessed July 11, 2013, <http://www.lait.org/fichiers/RapportAnnuel/?id=FPLQ-2011>, p. 58.

<sup>169</sup> "Annual Report 2012," Egg Farmers of Canada, accessed July 11, 2013, [http://eggfarmers.ca/wp-content/uploads/2013/04/EFC\\_Annual\\_Report\\_2012\\_EN1.pdf](http://eggfarmers.ca/wp-content/uploads/2013/04/EFC_Annual_Report_2012_EN1.pdf), p. 32.

<sup>170</sup> "Annual Report 2012," Chicken Farmers of Canada, accessed July 11, 2013, <http://chickenfarmers.ca/upload/Documents/2012-annual-report.pdf>, p.44.

<sup>171</sup> "Annual Report 2012," Alberta Beef Producers, accessed July 11, 2013, <http://www.albertabeef.org/images/AnnualReports/AR11s.pdf>, 47.

<sup>172</sup> "Annual Report 2012," Canadian Pork Council, accessed July 11, 2013, [http://www.ontariopork.on.ca/Portals/0/Docs/About/PorkOrg/CPC\\_annual\\_report.PDF](http://www.ontariopork.on.ca/Portals/0/Docs/About/PorkOrg/CPC_annual_report.PDF), p.6.

<sup>173</sup> Data compiled from surveys.

<sup>174</sup> Ibid.

campaigns in 2012<sup>175</sup>. The Egg Farmers of Canada, a much smaller organization in terms of membership spent \$8 million on promotion and advertising campaigns that same year<sup>176</sup>, several times more than the overall budgets of the Canadian Cattlemen, the Pork Council and the Grain Growers.

In terms of staff numbers, similar differences can be observed between the supply-managed and export-dependent organizations (see Appendix F). The farmers' organization with the most permanent employees is the Dairy Farmers of Ontario with 75<sup>177</sup>. Out of the ten organizations that have the highest budgets, eight are supply-managed. The two other organizations are the organizations that represent the hog and cattle farmers of Quebec. Although they seem to contradict the trend that the more heavily staffed organizations are supply-managed, they do show that farmers' organizations in Quebec, regardless of supply management, are resourceful organizations.

Finally, in terms of the proportion of farmers that is represented by the organizations in a given sector is usually higher among supply-managed organizations, although not consistently. While all of the supply-managed organizations that answered the survey indicated they represented between 91 and 100 per cent of the potential farmers they could represent, some of the non-supply-managed organizations that answered the survey indicated 91 to 100 per cent while others indicated 61 to 70 per cent.

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<sup>175</sup> "Annual Report 2011," Fédération des producteurs de lait du Québec, accessed July 11, 2013, <http://www.lait.org/fichiers/RapportAnnuel/?id=FPLQ-2011>, p. 58.

<sup>176</sup> "Annual Report 2012," Egg Farmers of Canada, accessed July 11, 2013, [http://eggfarmers.ca/wp-content/uploads/2013/04/EFC\\_Annual\\_Report\\_2012\\_EN1.pdf](http://eggfarmers.ca/wp-content/uploads/2013/04/EFC_Annual_Report_2012_EN1.pdf), p. 32.

<sup>177</sup> "2012 Annual Report," Dairy Farmers of Ontario, accessed July 10, 2013, <http://www.milk.org/Corporate/pdf/Publications-AnnualReport.pdf>, p.37.

### *Coordination and collaboration*

Other distinctive features of the supply-management organizations that impact the degree of influence they have on government policies are the level of coordination and collaboration between them. As explained before, the supply management system is built around national agencies and provincial marketing boards. In most provinces and sectors, the farmers' organization includes the role of marketing board. For example, the Dairy Farmers of Ontario acts as marketing board. In contrast, in British Columbia there is the BC Chicken Growers' Association, who represents chicken farmers in the province, and there is in parallel a BC Chicken Marketing Board. Between the different organizations in the structure there is deep cooperation and integration. More precisely, there is a high level of collaboration between the national agency and the provincial marketing boards in a given sector, between the different provincial boards in a given sector, between supply-management provincial boards of a given province and between supply-management national agencies.

The survey responses indicate that for provincial supply management farmers' organizations, their corresponding national agency is always listed as the organization with which they collaborate most (ie. Chicken Farmers of Canada for the provincial chicken organizations). A vast majority of them listed the other supply-managed provincial organizations as the organizations they second most frequently collaborate with. In the other cases, the organizations indicated that the other provincial marketing boards in their sector (to be clear, the same sector, but in other provinces) were the ones with which they second most collaborated with.

It should be added here that the boards of directors of the national agencies are mostly made up of provincial representatives, issued from the executive committees or boards of

directors of the different provincial boards. For example, the 2012-2013 board of directors of the Chicken Farmers of Canada is made up of 14 members. Four of these members are representatives of the poultry processing industry and of the restaurant and foodservices industry. The other ten members are representatives from each of the ten provinces; one member of each provincial board of directors. The provincial board members are farmers, usually elected by region by the members of the organization. The Dairy Farmers of Canada's and the Egg Farmers of Canada's boards of directors are composed in a similar way, although not exactly the same. Their boards of directors are also mainly formed by provincial boards of directors' representatives. These details illustrate how intertwined the national agencies and the provincial boards are. They have separate staff, but their boards of directors overlap, assuring some direct links between the organizations.

The export-dependent sectors' provincial farmers' organizations were not all surveyed and therefore it is not possible to compare their responses to those of the organizations from the supply-managed sectors. The hog and cattle organizations of Ontario and Quebec were the only ones surveyed and their answers provide very interesting insight into the level of collaboration of farmers' organizations in Quebec. The Quebec cattle association, the Fédération des producteurs de bovins du Québec, is the only provincial cattle organization that is not part of the Canadian Cattlemen's Association (CCA), which represents Canadian cattle farmers. This anomaly is what originally motivated the inclusion of the Quebec cattle organization in the surveying process. The Fédération des producteurs de bovins du Québec (FPBQ), unlike the Canadian Cattlemen's Association, is supportive of the supply management system. The CCA is a member of the Canadian Agri-Food Trade Alliance (CAFTA – see list of members in Appendix G), a coalition that groups farmers' organizations and processing-industry associations from the export-

dependent sector. . It advocates for free trade in agricultural trade. Although CAFTA remains neutral on supply management<sup>178</sup>, several of its members are against the system, stating among other things that the defense of supply management by the Canadian government in international trade negotiations undermines Canada's position and threatens an increased access to foreign markets<sup>179</sup>. CAFTA was formed in 2001 to represent the sectors that are export-dependent and to be an alternative voice for the farmers of Canada, whose only voice at multilateral trade negotiations was the Canadian Federation of Agriculture before that<sup>180</sup>.

Half of the supply-management organizations surveyed indicated CAFTA as the only organization it feels in competition with in trying to influence government for agricultural trade negotiations. The remaining half stated they did not feel they were in competition with any organization. To another question on whether or not they agree with the position Canada has been holding in the Uruguay and Doha rounds, those latter organizations in general said they did agree with Canada's position, explaining it was a 'balanced' position that could meet the interests of all agricultural sectors. In other words, the organizations that said they did not feel they were in competition with another organization also characterized Canada's position as one satisfying all parties.

Only about 30 per cent of Quebec's beef production was exported abroad in 2012<sup>181</sup>. In contrast, about 50 per cent of Canadian beef is exported<sup>182</sup>. Quebec cattle farmers do not depend as much on the opening of new markets as Prairie cattle farmers, who export nearly 80 per cent of

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<sup>178</sup> "International Trade Committee on May 10<sup>th</sup>, 2012," Open Parliament, accessed Julne 18, 2013, <http://openparliament.ca/committees/international-trade/41-1/36/kathleen-sullivan-2/>.

<sup>179</sup> Skogstad, "Federalism and Agricultural Marketing," 91-92.

<sup>180</sup> Wilson, "Sectors oppose CFA trade position."

<sup>181</sup> Allard, "D'où provient votre viande?"

<sup>182</sup> "Our Industry, " Canada Beef, accessed July 5, 2013, [http://www.canadabeef.ca/ca/en/beef\\_export/industry/importance.aspx](http://www.canadabeef.ca/ca/en/beef_export/industry/importance.aspx).

their production. But cattle farmers are not the only non-supply-managed producers who are favorable to supply management in Quebec.

The GO5 Coalition was formed by the farmers' organizations of the five supply-managed sectors in Quebec in 2003 with the sole purpose of advocating for the supply-management system. It has numerous supporters and among them are Quebec's farmers' organizations for cattle, cash crops, fruits and vegetables for processing, and large game. In Quebec, several sectors that are not supply-managed actually support the system. This analysis contributes to the conception of the UPA as a monolithic block, explaining part of its exceptional lobbying power.

For one, UPA's authority has been granted by government. In 1972, the Quebec government legally awarded UPA with a monopoly of representation of the province's farmers. All of Quebec's farmers have to pay a mandatory membership contribution to the organization, although they do not have to be 'active members'. Furthermore, the level of vertical integration of the province's various farmers' organizations under the UPA seems unparalleled in other provinces. As UPA's website outlines, "with its 155 basic unions, 16 regional federations, 222 unions and 25 specialized groups, the UPA is actually the single mouthpiece, the official voice that speaks on behalf of all Quebec farmers"<sup>183</sup>. Farmers' organizations in Quebec are all integrated into the UPA structure. All of Quebec's specialized federations have offices in the same building, the 'UPA House'. Over 500 people work in the same building, for farmers' organizations.

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<sup>183</sup> "Who We Are," Union des Producteurs Agricoles, accessed July 13, 2013, [http://www.upa.qc.ca/en/Who\\_we\\_are/Who\\_we\\_are.html](http://www.upa.qc.ca/en/Who_we_are/Who_we_are.html).



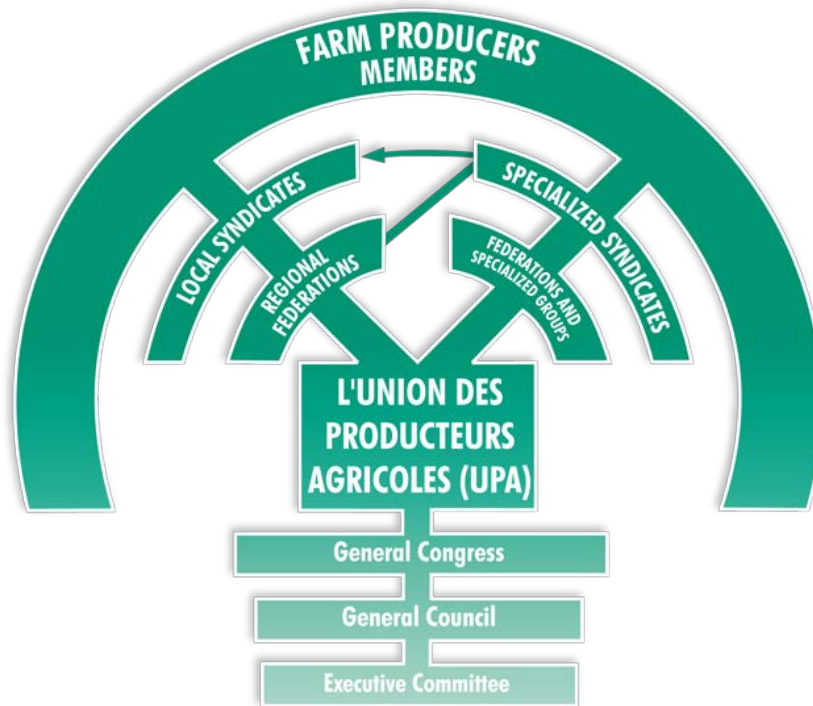


Figure 1. Organization chart of the UPA. Figure 1.: “Organization Chart,” Union des Producteurs agricoles, [http://www.upa.qc.ca/en/Who\\_we\\_are/Organigramme/Organigramme.html](http://www.upa.qc.ca/en/Who_we_are/Organigramme/Organigramme.html).

In contrast to the supply-managed sector, particularly in Quebec and Ontario, the representation of farmers in export-dependent sectors in the Western provinces is more fragmented. This contrast has been underlined by Grace Skogstad<sup>184</sup>. For example, Alberta is the biggest player in cattle production, contributing 55 per cent to Canada’s cattle farm cash receipts in 2010. About 35 per cent of Alberta’s farm cash receipts were attributable to cattle production in 2010<sup>185</sup>. Five organizations represent the province’s cattle farmers. Representation is therefore not a monopoly. Alberta Beef Producers is the biggest of the five but its influence is diluted by

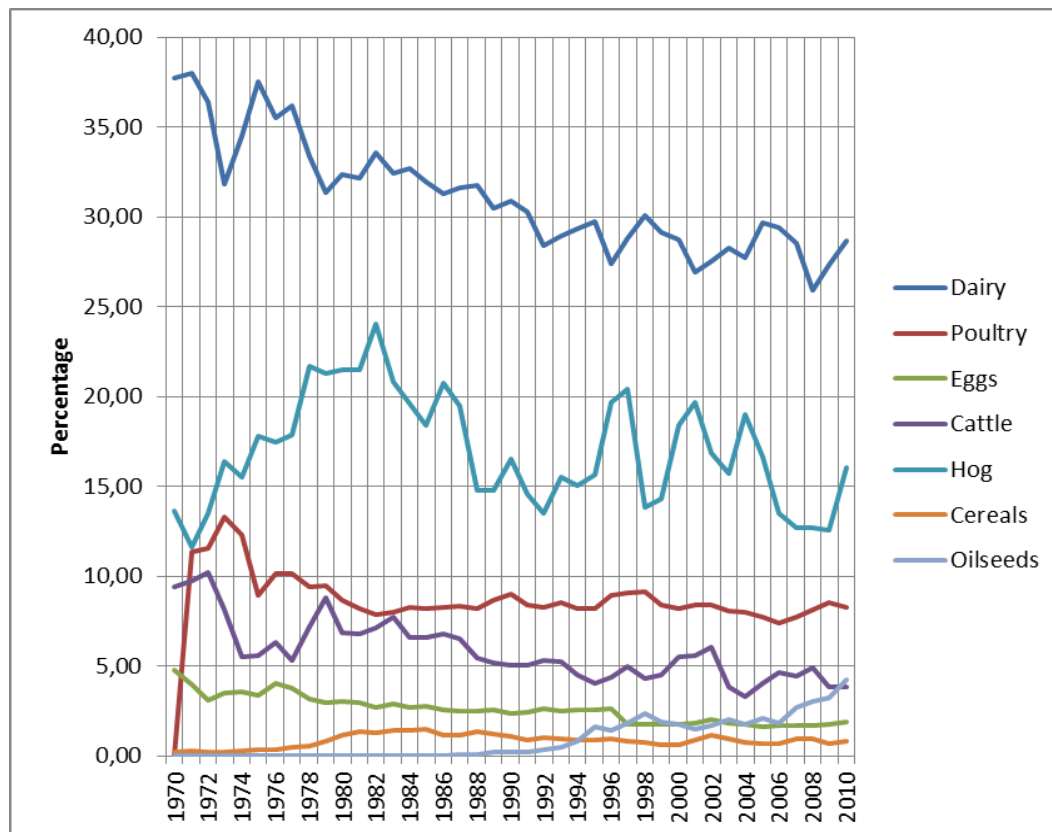
<sup>184</sup> Skogstad, “The State, Organized Interests and Canadian Agricultural Trade Policy,” 330.

<sup>185</sup> Data compiled from “Farm Cash Receipts,” Statistics Canada, <http://www.statcan.gc.ca/pub/21-011-x/21-011-x2011002-eng.pdf>; “Farm Cash Receipts 1970-1980,” Statistics Canada, Farm Cash Receipts\_1970-1980.xlsx.

the fact that the provincial government also takes into account the interests of the other four organizations.

The only major Quebec sectoral farmers' organization that is not a member of the GO5 coalition is the Fédération des producteurs de porcs du Québec (FPPQ, hog producers). As the following graph shows, hog production is the second most important in the province in terms of farm cash receipts, after dairy.

Table 4. Percentage of Quebec's total farm cash receipts by production type, 1970-2010



Source: Data compiled from "Farm Cash Receipts," Statistics Canada, <http://www.statcan.gc.ca/pub/21-011-x/21-011-x2011002-eng.pdf>; "Farm Cash Receipts 1970-1980," Statistics Canada, Farm Cash Receipts\_1970-1980.xlsx.

In contrast to beef, over 60 per cent of the pork Quebec produces is exported abroad<sup>186</sup>. In comparison, about 50 per cent of Canada's pork production is exported<sup>187</sup>. Quebec's hog farmers are therefore much more dependent on gaining access to foreign markets than cattle farmers. Quebec's hog producers appear to be the only important producers' federation not to support supply management and to be the exception to the pro-supply management Quebec block, under the umbrella of UPA.

Finally, the cohesion of the supply-managed organizations can also be seen in the coalitions they have formed in relation to the issue of agricultural trade. In reaction to the launching of the Doha round of negotiations on agriculture, Canadian supply-managed organizations formed coalitions to lobby for their interests as a bloc. Quebec's five provincial supply-managed organizations formed the GO5 Coalition, FarmGate5 was formed in Ontario, and BCSM 5 was formed in BC. The two most active have been GO5 and FarmGate5. GO5 has garnered the support of 52 organizations, 141 Quebec municipalities, 21 prominent people, 17 members of the provincial National Assembly, and 3 members of the federal Parliament<sup>188</sup>. FarmGate5's website only lists some of its most important supporters. Among them are the Ontario Federation of Agriculture; the leaders of the provincial Liberal party, the provincial Progressive Conservative Party and the provincial New Democratic Party; 12 municipalities or counties; 20 members of the federal Parliament; and 100 members of the provincial Parliament<sup>189</sup>. It also has the support of the Christian Farmers Federation of Ontario, the second

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<sup>186</sup> Gougeon, "Portrait des marchés d'exportation du porc québécois," Porc Québec, accessed July 12, 2013, <http://www.agrireseau.qc.ca/porc/documents/PQ%20mars%202012%20c3%89conomie.pdf>.

<sup>187</sup> "Canadian Pork Exports," Canada Pork International, accessed July 12, 2013, <http://www.canadapork.com/fr/information-sur-l-industrie/exportations-canadiennes-de-porc>.

<sup>188</sup> "About GO5 – Our supporters," GO5 Coalition, accessed July 12, 2013, <http://www.go5quebec.ca/en/appuis.php>.

<sup>189</sup> "Partial List of Supporters," FarmGate5, accessed July 12, 2013, [http://www.farmgate5.org/PDF/farmgate-supporters\\_list.pdf](http://www.farmgate5.org/PDF/farmgate-supporters_list.pdf).

most important general provincial farmers' organization in Ontario after the Ontario Federation of Agriculture. It must be acknowledged that in parallel, the export-dependent sectors have also formed an active and influential coalition, the Canadian Agri-Food Trade Alliance. It is therefore not only the supply-managed organizations which have been effective at coordinating their lobbying efforts, but the formation of the supply-managed coalitions contributes to showing the many ways in which these organizations collaborate on a permanent basis.

## CHAPTER FIVE: ANALYSIS – SUPPLY MANAGEMENT, FOREMOST AN INTEREST OF QUEBEC AND ONTARIO

The second main reason for the continued support to supply management by the Canadian government is that the system is foremost in the interest of Ontario and Quebec. Indeed, supply-managed farms are heavily concentrated in the Central provinces. This concentration has led the influential provincial governments of Quebec and Ontario to be strong advocates of supply management, both on the national and on the international scenes. Additionally, electoral reasons have also motivated the support of the system by all major national political parties. Furthermore, the Bloc Québécois has become an ardent defender of the system and the federal government has also maintained the status quo in order not to heighten Québec nationalism and separatism, at a time when Canada was shaken by national disunity. Finally, supply-management farmers' organizations have been able to influence government effectively because of the corporatist relationships they have developed with the federal and provincial governments, especially in Quebec and Ontario. Producers have garnered the support of part of the processing industry. Processors are divided on the issue of supply management, but several of the most important Canadian processors are supportive of the system. Important financial institutions have also supported the system, valuing the stability offered by the supply-managed industries.

### *Concentration of supply management in Quebec and Ontario*

As mentioned previously in the thesis, the Canadian agricultural sector can roughly be divided into two sub-sectors: the supply-management sector which includes dairy, poultry and

eggs and the export-dependent sector which includes cattle, hog, grains and oilseeds. Although these different productions are found in every province, they are regionally concentrated. Most of the supply-management productions are in central Canada whereas most of the export-dependent productions are concentrated in the Prairies. The following map from Agriculture and Agri-Food Canada partially shows the distribution of agriculture production over the country's territory.

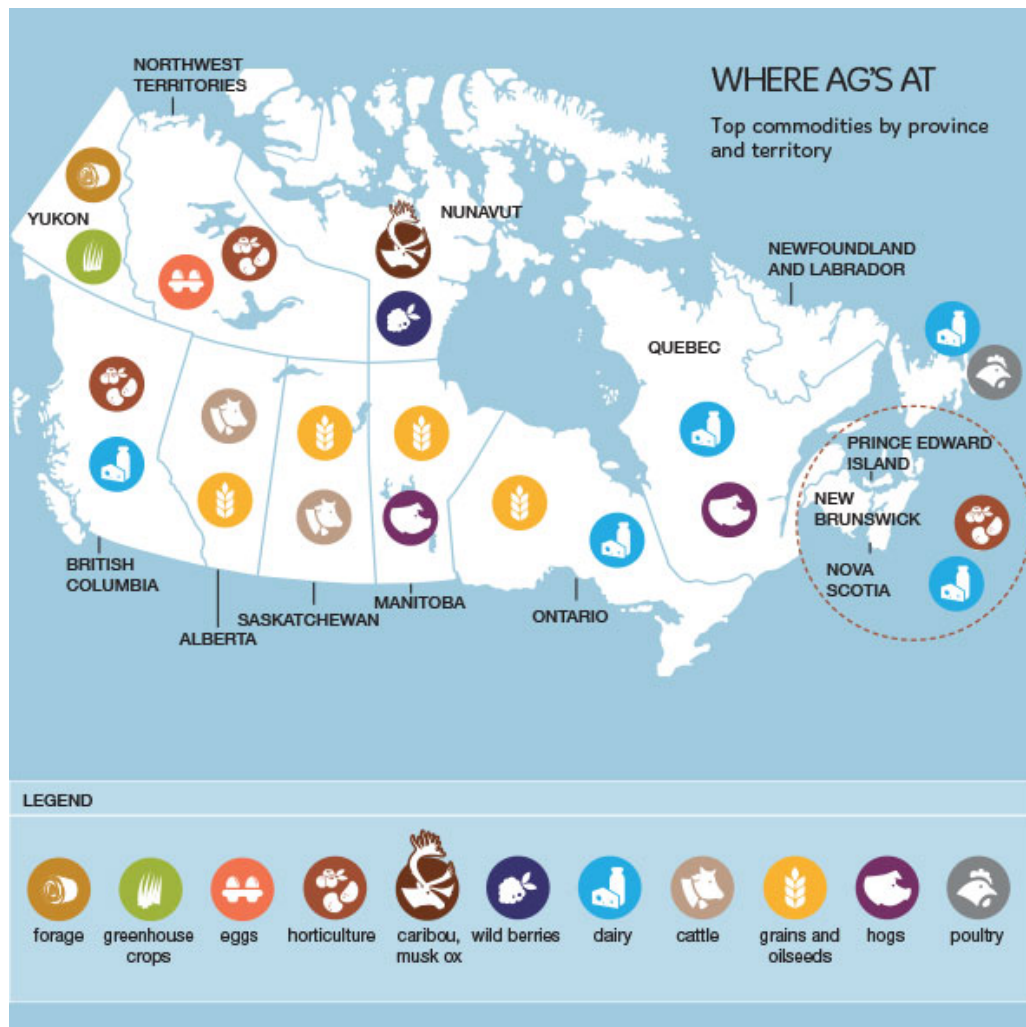
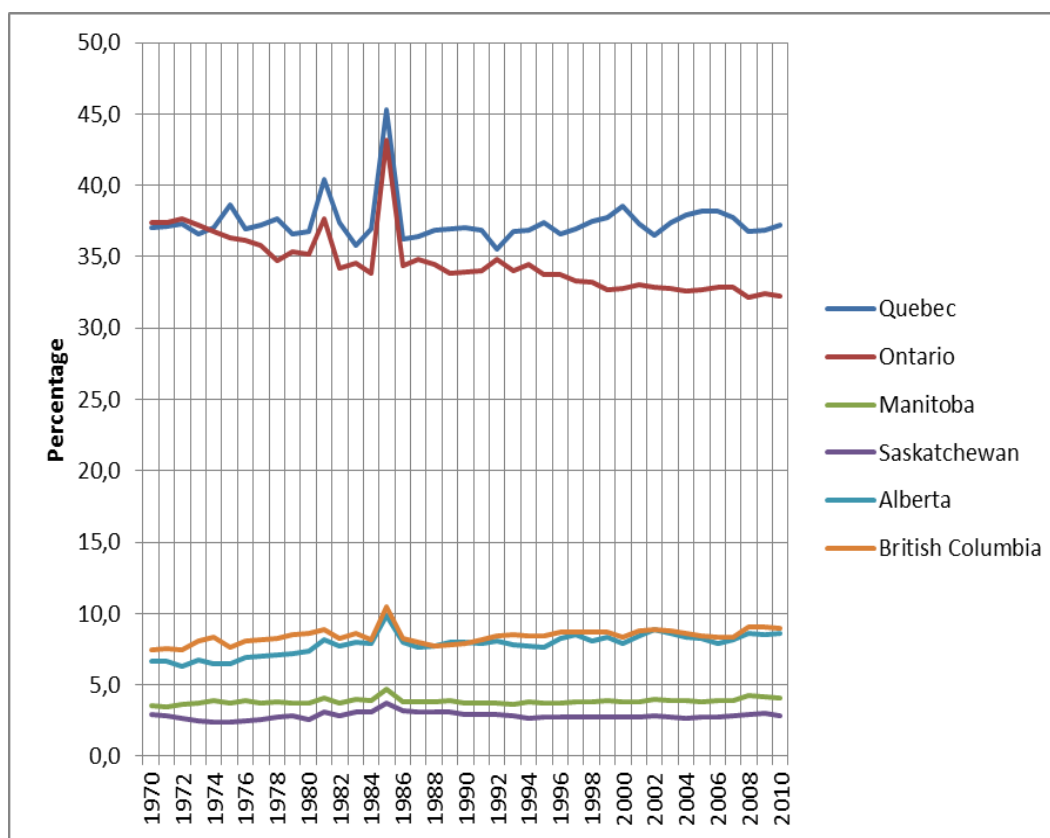


Figure 2. Most important agricultural productions for each province. Figure 2. Source: "Where's Ag At," Agriculture and Agri-Food Canada, <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1251899760841&lang=eng>.

Yet, because the map is organized by top commodities by province and territory, it does not show that poultry and egg productions are concentrated in Quebec and Ontario. The following figures illustrate the concentration of supply-management productions in those two provinces. Farm cash receipts express the value of the production; they are the equivalent of an agricultural gross domestic product. The following graphs show that in 2010, approximately 70 per cent of dairy farm cash receipts were provided by productions in Quebec and Ontario; 60 per cent in poultry and 55 per cent in eggs. And this concentration of supply-managed production in those two provinces has been very stable for the last 40 years.

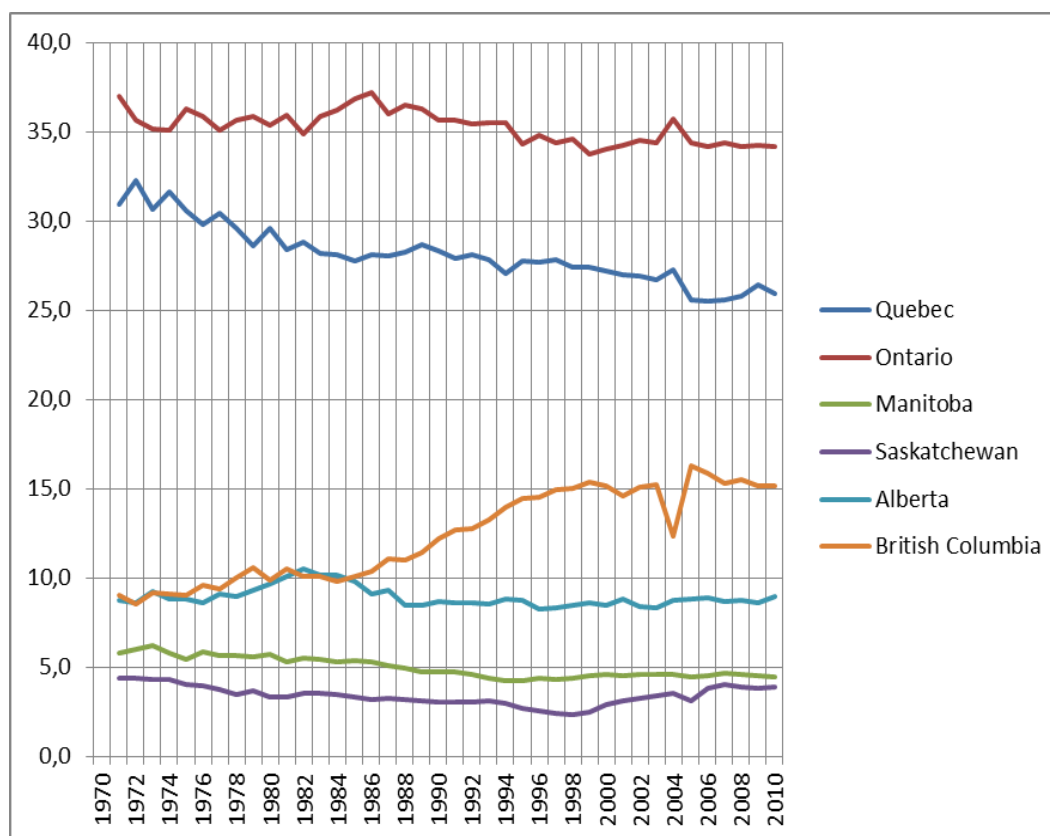
Table 5. Percentage of Canadian dairy farm cash receipts by province, 1970-2010



Source: Data compiled from “Farm Cash Receipts,” Statistics Canada, <http://www.statcan.gc.ca/pub/21-011-x/21-011-x2011002-eng.pdf>; “Farm Cash Receipts 1970-1980,” Statistics Canada, Farm Cash Receipts\_1970-1980.xlsx.

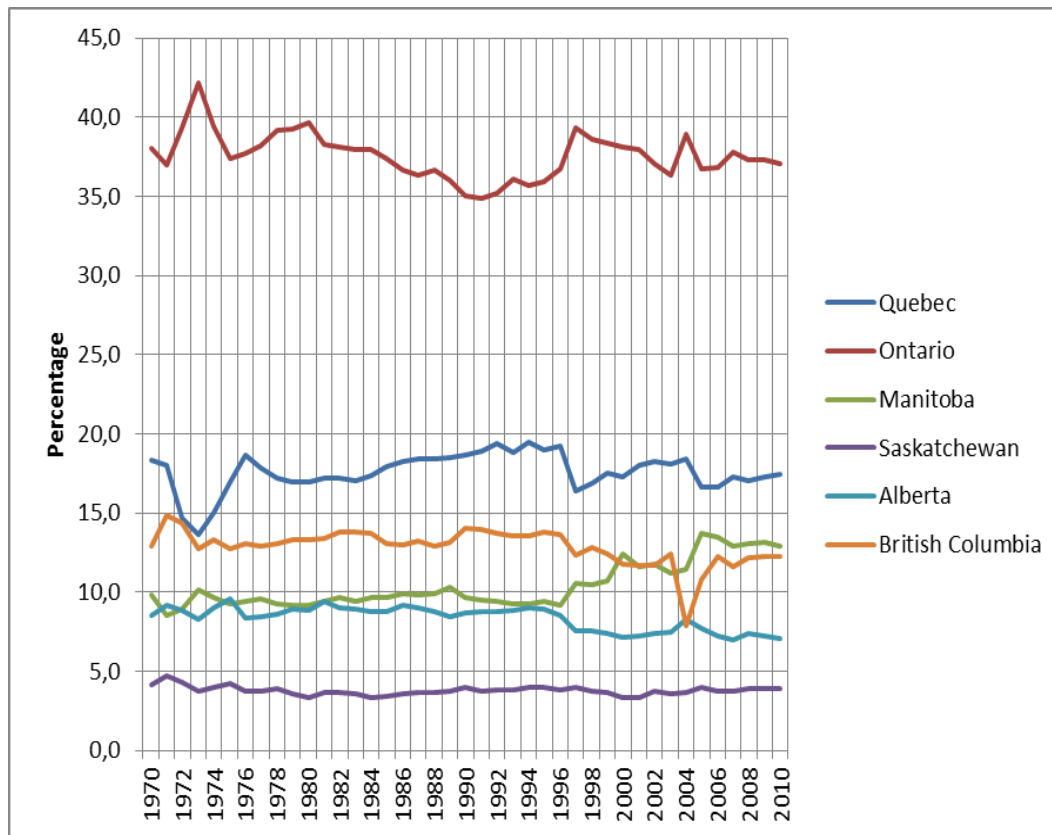


Table 6. Percentage of Canadian dairy farm cash receipts by province, 1970-2010



Source: Data compiled from “Farm Cash Receipts,” Statistics Canada, <http://www.statcan.gc.ca/pub/21-011-x/21-011-x2011002-eng.pdf>; “Farm cash receipts 1970-1980,” Statistics Canada, Farm Cash Receipts\_1970-1980.xlsx.

Table 7. Percentage of Canadian egg farm cash receipts by province, 1970-2010



Source: Data compiled from “Farm Cash Receipts,” Statistics Canada, <http://www.statcan.gc.ca/pub/21-011-x/21-011-x2011002-eng.pdf>; “Farm cash receipts 1970-1980,” Statistics Canada, Farm Cash Receipts\_1970-1980.xlsx.

The assessment of the concentration of supply-managed productions in central Canada is also confirmed by other numbers. For dairy, Quebec and Ontario account for 82 per cent of farms<sup>190</sup>, 70 per cent of production measured in hectolitres<sup>191</sup> and 76 per cent of the National

<sup>190</sup> “Number of Farms With Shipments of Milk or Cream on August 1<sup>st</sup>,” Canadian Dairy Information Center, Accessed June 25, 2013, [http://dairyinfo.gc.ca/pdf/farms\\_shipping\\_milk.pdf](http://dairyinfo.gc.ca/pdf/farms_shipping_milk.pdf).

<sup>191</sup> “Milk Production at the Farm –Canada,” Canadian Dairy Information Center, accessed June 25, 2013, <http://www.dairyinfo.gc.ca/pdf/farmprod.pdf>.

Market Sharing Quota<sup>192</sup>. In poultry, 67 per cent of farms<sup>193</sup> and 60 per cent of production in terms of thousands of kilograms of chicken<sup>194</sup> are in central Canada. For eggs, 43 per cent of producers<sup>195</sup>, 57 per cent of production in dozens<sup>196</sup> and 56 per cent of the quota<sup>197</sup> were from central Canada. Overall, Quebec and Ontario have 74 per cent of supply management farms<sup>198</sup>. Although the numbers show varying levels of concentration, they demonstrate that supply management productions are overwhelmingly centered in Quebec and Ontario. Furthermore, supply management represents a large proportion of each province's agricultural sector. As the following graphs show, about 40 per cent of Quebec's farm cash receipts come from supply-managed productions, with 30 per cent of total farm cash receipts coming from dairy production alone. About 28 per cent of Ontario's farm cash receipts came from supply-managed sectors.

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<sup>192</sup> "Market Sharing Quota," Canadian Dairy Commission, accessed June 25, 2013, <http://www.cdc-ccl.gc.ca/CDC/index-eng.php?id=3807>.

<sup>193</sup> "2012 Annual Report," Chicken Farmers of Canada, accessed August 10, 2013, <http://chickenfarmers.ca/upload/Documents/2012-annual-report.pdf>, 26-27.

<sup>194</sup> "Annual Report 2012," Chicken Farmers of Canada, 18.

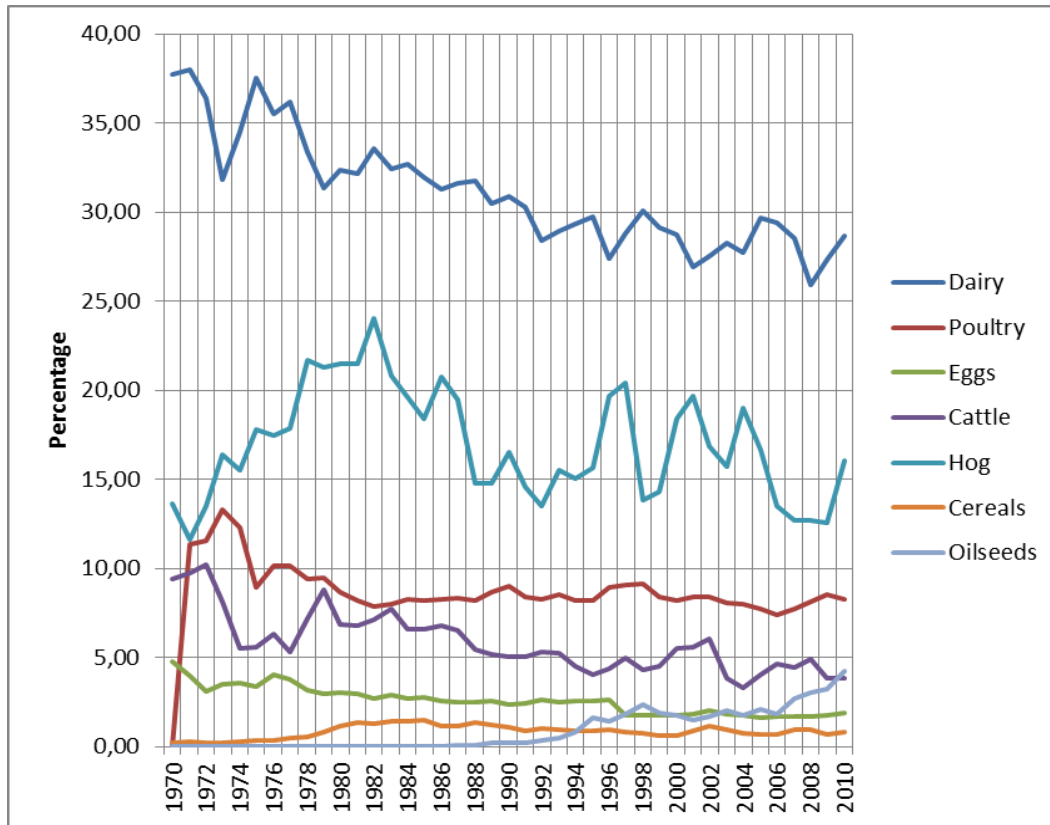
<sup>195</sup> "Annual Report 2012," Egg Farmers of Canada, 19.

<sup>196</sup> "Canada's Poultry and Egg Industry 2004," National Farm Products Council, accessed June 27, 2013, <http://publications.gc.ca/collections/Collection/A99-2-1-2004E.pdf>, 38.

<sup>197</sup> "Annual Report 2012," Egg Farmers of Canada, 20.

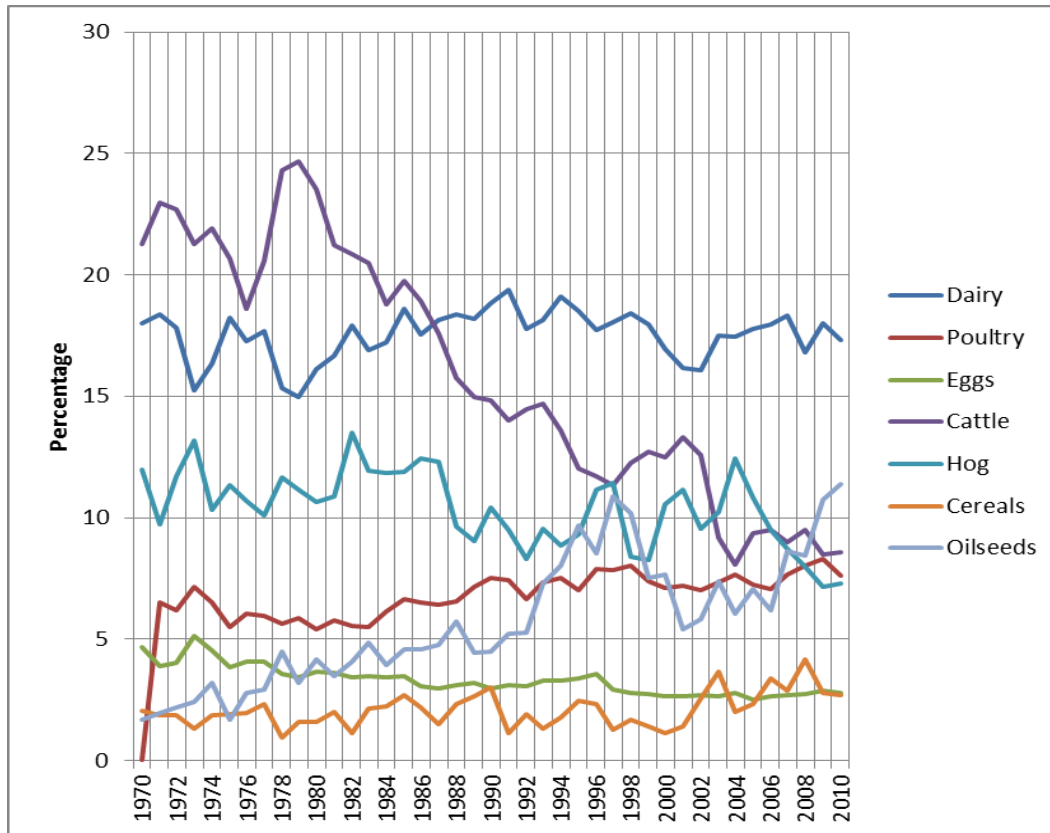
<sup>198</sup> "Farms, by farm type and province," Statistics Canada, accessed October 29, 2012, <http://www.statcan.gc.ca/tables-tableaux/sum-som/101/cst01/agrc35a-eng.htm>.

Table 8. Percentage of Quebec's total farm cash receipts by production type, 1970-2010



Source: Data compiled from "Farm Cash Receipts," Statistics Canada, <http://www.statcan.gc.ca/pub/21-011-x/21-011-x2011002-eng.pdf>; "Farm cash receipts 1970-1980," Statistics Canada, Farm Cash Receipts\_1970-1980.xlsx.

Table 9. Percentage of Quebec's total farm cash receipts by production type, 1970-2010



Source: Data compiled from “Farm Cash Receipts,” Statistics Canada, <http://www.statcan.gc.ca/pub/21-011-x/21-011-x2011002-eng.pdf>; “Farm cash receipts 1970-1980,” Statistics Canada, Farm Cash Receipts\_1970-1980.xlsx.

In comparison, supply management productions account for 10 per cent of Manitoba's farm cash receipts, 3 per cent of Saskatchewan's, and 8.5 per cent of Alberta's (see Appendix H). British Columbia is somewhat of an exception. About 37.5 per cent of the province's farm cash receipts come from supply-managed productions – more than in Ontario – but when looking at which provinces are most important for each production (graphs 1, 2 and 3), it becomes apparent that Ontario and Quebec stand alone. The maintenance of the system is therefore foremost an

interest for these two provinces. And in turn the provincial governments of Quebec and Ontario have become strong advocates of supply management<sup>199</sup>.

Skogstad put forward that the concentration of an economic activity in a province or region raises the chances that interests from this economic sector influences a provincial government. She opposes another idea though: if an economic activity is concentrated in one province, it does not constitute an important activity for the Canadian federation as a whole. The federal government will therefore not view this economic activity as a priority<sup>200</sup>. Supply-management is regionally concentrated, but the provinces it is overly present in are Quebec and Ontario, provinces that have been said to have an upper hand in federal politics.

It has been argued and demonstrated that their interests prevail to the detriment of the interests of Western and Atlantic Provinces. This situation has fuelled considerable discontent among “peripheral” provinces, particularly in the West<sup>201</sup>. One of the most cited examples to illustrate this trend is the National Energy Program introduced by Pierre E. Trudeau in 1981. The ascendancy of Central Canada is explained by its electoral, demographic, economic and historical importance. Together, the two provinces elect 181 of the 308 House of Commons seats (59 per cent). The population of both provinces is 62 per cent of Canada’s<sup>202</sup> and their combined share of the national GDP is 57 per cent<sup>203</sup>. Furthermore, the two provinces are part of the four founding provinces of Canada.

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<sup>199</sup> Skogstad, “Canadian Agricultural Programs and Paradigms,” 504.

<sup>200</sup> Skogstad, *The Politics of Agricultural Policy-Making in Canada*, 8-9.

<sup>201</sup> Braid and Sharpe, *Breakup: Why the West Feels Left Out of Canada*; Kilgour, *Inside Outer Canada*.

<sup>202</sup> “Population by year, by province and territory,” Statistics Canada, accessed October 29, 2012, <http://www.statcan.gc.ca/tables-tableaux/sum-som/101/cst01/demo02a-eng.htm>.

<sup>203</sup> “Gross domestic product, expenditure-based, by province and territory,” Statistics Canada, accessed May 16, 2012, <http://www.statcan.gc.ca/tables-tableaux/sum-som/101/cst01/econ15-eng.htm>.

It has indeed been suggested by several authors that supply management has continued to be defended domestically and internationally because it is concentrated in central Canada. Cooper underlined that Conservative MPs from Ontario and Quebec and Prime Minister Mulroney, during the Uruguay Round, were very concerned about the potential impact of the WTO agreement on the livelihoods of supply management farmers in these two provinces<sup>204</sup>. Skogstad also claims that “federal parties and parliamentarians of all stripes have been cognizant of the political power of supply management in central Canada :in part a result of swing rural votes in large provinces such as Ontario and Quebec, but also in large part a function of the organizational strength and coherence of the supply management lobby”<sup>205</sup>.

#### *Support from the governments of Quebec and Ontario*

In any case, Quebec’s and Ontario’s provincial governments have been strong defenders of supply management, both nationally and internationally. Quebec’s successive governments have publicly asked the federal government to promise to defend supply management. In 2007, Quebec’s agricultural minister, Laurent Lessard, held a joint press conference with the president of the Union des producteurs agricoles, Laurent Pellerin, to state that a Doha-round agreement would have to allow supply management<sup>206</sup>. In the context of talks for the Trans-Pacific Partnership, Jean Charest, Quebec’s Prime minister between 2003 and 2012, said in 2011 that supply management was non-negotiable<sup>207</sup>. Pauline Marois, Quebec’s current Prime minister,

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<sup>204</sup> Cooper, *In Between Countries*.

<sup>205</sup> Skogstad, *Internationalization and Canadian Agriculture*, 143.

<sup>206</sup> *Le Devoir*, “La fin de la gestion de l’offre nuirait aux productions agricoles québécoises. ”

<sup>207</sup> *Les Affaires*, “Gestion de l’offre : ‘non négociable’, dit Charest.”

elected in 2012, assured her support to supply management at the annual assemble of the UPA in December 2012<sup>208</sup>. In January 2013, she also said, in relation to the negotiations for a free trade agreement with the European Union, that supply management had to be secured; her agricultural minister added that Quebec could otherwise consider not applying certain clauses of the agreement in the province<sup>209</sup>.

Ontario's premiers and agricultural ministers have also been active in supporting supply management. For example, at the beginning of the trade talks for the Uruguay Round, Ontario's agriculture minister visited Washington with the purpose of advocating for supply-management<sup>210</sup>. Another example occurred during the Doha round.

Next week's world trade talks in Hong Kong are too important to the province's economy and its second largest industry to be missed, even if the negotiations seemed doomed to be failure, Ontario's agriculture minister says. In fact, Leona Dombrowsky may spend more time in Hong Kong than the country's chief negotiator. Her priority at the talks will be to ensure that the supply management systems governing egg, poultry and dairy industries do not become a bargaining chip in a scramble to reach a deal in Hong Kong<sup>211</sup>.

The supply-managed sectors have not only garnered the support of Quebec City and Toronto. It seems that the system is supported by all provincial governments, although this support appears to be unstable at times. For example, a 1992 press article reports that provincial agriculture ministers pressed the federal government to increase its defence of supply management<sup>212</sup>. In 2011, Canadian agriculture minister Gerry Ritz held a joint press conference with Alberta's and

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<sup>208</sup> *Canoe.ca*, "Pauline Marois prend des engagements."

<sup>209</sup> Larivière, "Marois défend la gestion de l'offre à Londres. "

<sup>210</sup> Mackie, "Minister to Ask U.S. Not to Fight Farm Policy."

<sup>211</sup> Laidlaw, "Hong Kong Trade Talks Key."

<sup>212</sup> McCarthy, "Minister Charges U.S. Out to Get Our Farmers."



Saskatchewan's agriculture ministers. Among other subjects, the three of them affirmed their support to supply management<sup>213</sup>. Still, in the 1980s, Saskatchewan's premier was against the defence of supply management in international trade negotiations<sup>214</sup>. And a 1989 *Globe and Mail* article states that the "Alberta Department of Agriculture likes the 1989 US plan to end import restrictions on agricultural commodities"<sup>215</sup>. Furthermore, provincial governments from the Prairies have also been advocates of other sectors. For example, "Prairie agriculture ministers will be in Hong Kong to advocate on the behalf of the Wheat Board, which will have its own representatives at the talks"<sup>216</sup>. Skogstad further claims that the unity that is observable on supply management in Quebec, Ontario, British Columbia and the Maritimes is not in the Prairies. She states that the governments of Alberta, Saskatchewan and Manitoba are favorable to the export-dependent sector "who insist that the Canadian government abandons its balanced trade position"<sup>217</sup>. The divergence of interests between agricultural sectors has therefore to some degree, extended to a divergence of interests and tensions between provincial governments<sup>218</sup>.

### *Corporatism in supply management in Quebec and Ontario*

The strong advocacy position the governments of Quebec and Ontario have been taking with supply management is at least partly explained by the partnership relation these provincial governments have developed with farmers' organizations, often described as a 'corporatist' relationship. As explained before, corporatism describes a relationship between interest groups

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<sup>213</sup> O'Neil, "Minister Defends Quotas."

<sup>214</sup> Skogstad, "Canadian Federalism, Internationalization and Quebec Agriculture," 34.

<sup>215</sup> *Globe and Mail*, "U.S. Trade Plan Drives Wedge Between Farmers."

<sup>216</sup> Laidlaw, "Hong Kong Trade Talks Key."

<sup>217</sup> Skogstad, "Gestion de l'offre, fédéralisme canadien et négociations commerciales."

<sup>218</sup> Skogstad, *The Politics of Agricultural Policy-Making in Canada*, 8-9.

and governments where they respectively view each other as partners. It is usually a tripartite relationship. In agricultural policy, the three actors are government, farmers' organizations and processors<sup>219</sup>. Goodman and Redcliff talk about a 'corporatist alliance' whereas Skogstad rather talks about a 'policy community'<sup>220</sup>. The relationship between provincial farmers' organizations from the supply-managed sectors and the governments of Quebec and Ontario has been described as a corporatist one. In contrast, farmers' organizations in other provinces and non-supply management groups in central Canada have pressure pluralist relations with government<sup>221</sup>.

The development of corporatist relationships could be explained by the structure of the supply-management system, which integrates government, producers, processors and, in some cases, consumers. The essential units of the system are the provincial marketing boards and the national marketing agencies. Their authority has been granted by government, which also governs them through the Farm Products Council of Canada (known before 2009 as the National Farm Products Council), a public oversight body. The boards of directors of the national agencies are formed of producers, processors and at times consumers. For example, the 2012-2013 board of directors of the Egg Farmers of Canada (EFC) is formed of 16 members. 12 members are farmers: the chairman of the EFC and eleven representatives of the marketing boards' boards of directors (ten provinces and the Northwest Territories). The other four come from the industry: three from the Canadian Poultry and Egg Processors Council and one from the Consumers' Association of Canada. The distribution of the EFC board of directors is built on the same pattern

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<sup>219</sup> Goodman and Redcliff, *The International Farm Crisis*, 9; Lehmbruch, "Concertation and the Structure of Corporatist Networks," 62.

<sup>220</sup> Skogstad, *Internationalization and Canadian Agriculture*.

<sup>221</sup> Coleman and al., "Paradigm Shifts and Policy Networks," 285-293.

every year<sup>222</sup>. The institutions at the heart of the supply-management system therefore bring together producers and processors. Still, this structure is the same in all provinces and therefore this variable does not explain why the corporatist relationships are exclusive to Quebec and Ontario.

Skogstad goes further into saying that there is a convergence of interests of government, producers, processors and consumers in the supply management system<sup>223</sup>. The convergence of the interests of involved actors is one of the features of the corporatist alliance<sup>224</sup>. Indeed, Skogstad reports that supply management is in the interest of the producers, who have stable revenues that generate profits; processors, who have a stable supply of primary products at a stable price; consumers, who can enjoy an offer of domestic and safe quality food; and government, which fulfills his goal of supporting agriculture and meets success with its policy.

#### *Support for supply management in the dairy and poultry processing industries*

Yet, supply-management is an issue that deeply divides political analysts and academia. The multiple studies, reports and editorials published since the 1980s in Canada provide counter-arguments to Skogstad's argument that supply management is in all actors' interest. On numerous occasions it has been claimed that because of supply management, consumers pay a much higher price for dairy, poultry and eggs than they would under free trade. It is also argued that supply management does not encourage productivity and producers who would normally go out of

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<sup>222</sup> "People – Board of Directors," Egg Farmers of Canada, accessed July 12, 2013, <http://eggfarmers.ca/about-us/people/>.

<sup>223</sup> Skogstad, *Internationalization and Canadian Agriculture*, 143.

<sup>224</sup> Von Beyme, "Neo-Corporatism: a New Nut in an Old Shell?," 176.

business remain. Others have criticized it for affecting Canada's negotiating credibility and power in international trade negotiations. The Consumers Association of Canada and the Canadian Restaurant and Foodservices Association have been opposing supply management for decades now. In both cases, their main criticism is that prices are artificially raised and too high<sup>225</sup>. Furthermore, unlike what Skogstad claims, the processing industry also appears to be somewhat divided. In 2006, the Globe and Mail reported that:

The Dairy Processors Association of Canada, which represents the companies that turn 90 per cent of the country's milk into products, champions a more competitive marketplace...Mr. MacGillivray [chairman] confessed that [the Dairy Processor Association of Canada and the Dairy Farmers of Canada] could no longer work together. "We cannot innovate, grow and prosper by building more trade barriers," he said. "Supply management isn't working for us. We need growth."<sup>226</sup>

Yet, in March 2013, the Dairy Processor Association of Canada made a submission to the Government of Canada where their position was more nuanced. It claims to not want the dismantlement of the supply management system, but its modernization. It sees value in the stability that supply management has brought, but it claims that it has prevented growth. It asks for a more flexible way of allocating production that can adapt to processors' needs more effectively; lower prices that are determined by the market; a simplified, more "responsive" and more "transparent" system; and the possibility to export<sup>227</sup>.

On the other hand, the Canadian Poultry and Eggs Processors Council (CPEPC), which groups more than 90 per cent of the Canadian processors for chicken, turkey, table eggs and

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<sup>225</sup> Drohan, "Canada, U.S. Begin Talks on Farm Product Tariffs."

<sup>226</sup> Reynolds, "Stop Milking Outdated Agricultural Quotas."

<sup>227</sup> "Submission to Government of Canada," Dairy Processors Association of Canada, March 2013, accessed June 24, 2013, <http://www.dpac-atlc.ca/submissions/DPAC-ATLC%20Public%20Policy%20Document%20--%20March%202013.pdf>.

hatching eggs, appears more favorable to supply management, although identifying negative issues such as the complexity of the regulatory regime and the high prices<sup>228</sup>. Very recently, the chief executive officer of the CPEPC testified at the House of Commons Agriculture and Agri-Food Committee on animal welfare. He mentioned supply management as being an advantage for this issue: “the supply-managed nature of the poultry and egg industries in Canada helps facilitate our ability to manage this issue. It is a supply chain issue. Genetics companies, farmers, transporters, and processors all have a role to play<sup>229</sup>.”

Table 10. Most important dairy processors in Canada in 2010

<b>Company</b>	<b>2010 Sales (\$000)</b>	<b>Ownership</b>	<b>Major Shareholder</b>
Saputo Inc.	5,810,582	Public	Gestion Jolina Inc.
Agropur Co-operative	3,345,177	Co-operative	3,459 co-op members
Nestlé Canada Inc.	2,600,000	Private subsidiary of public company	Nestlé S.A.
Parmalat Canada Inc.	2,200,000	Private	Parmalat SpA
Pineridge Group	480,000	Private	
Gay Lea Foods Co-operative Ltd.	441,856	Co-operative	Dairy farmers in Ontario
Scotsburn Co-operative Services Ltd.	282,000	Private	Co-operative
Amalgamated Dairies Ltd.	133,000	Co-operative	Co-op members
Kawartha Dairy Limited	33,000	Private	Crowe family

<sup>228</sup> “Canadian Poultry and Egg Processors Council,” The Canadian Business Journal, accessed July 10, 2013, [http://www.cbj.ca/associations/canadian\\_poultry\\_and\\_egg\\_processors\\_council.html](http://www.cbj.ca/associations/canadian_poultry_and_egg_processors_council.html).

<sup>229</sup> “Agriculture Committee on May 28<sup>th</sup> 2013,” Open Parliament, accessed July 15, 2013, <http://openparliament.ca/committees/agriculture/41-1/83/k-robin-horel-1/>.

Organic Meadow Inc.	30,000 (estimate)	Private	Organic Meadow farmers
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Source : “Top Players in the Canadian Dairy Processing Industry in 2010,” Canadian Dairy Commission, <http://www.cdc-ccl.gc.ca/CDC/index-eng.php?id=3802>.

If we look at the top processors in poultry and dairy individually, they’ve also expressed support for supply management. In dairy, the two most important processors are Saputo and Agropur, both from Quebec. Saputo’s position on supply management is not publicly known, but the following quote leads to believe that the company is neutral or favorable to the system. “Canadian cheese maker Saputo Inc. chief executive Lino Saputo Jr. [...] added the company would do fine even if the supply management system is dismantled.”<sup>230</sup> In a 2009 interview, Lino Saputo said supply management encompassed advantages and disadvantages<sup>231</sup>. We could conclude the company at least appears to be neutral on the issue. Agropur on the other hand has publicly taken position in support of supply management. It is one of the official supporters of the GO5 coalition, which groups Quebec’s farmers’ organizations from the supply-managed sectors with the optic of lobbying for the maintenance of the system<sup>232</sup>. This is not surprising given that Agropur is a farmer-owned cooperative. The interests of dairy farmers and members of the processing firm therefore overlap.

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<sup>230</sup> *Gazette*, “End Food Sector Protectionism.”

<sup>231</sup> Mesly, “Comment Saputo Gère 47 Usines sur 2 Continents.”

<sup>232</sup> “About GO5 – Our Supporters,” GO5 Coalition, accessed June 20, 2013, <http://www.go5quebec.ca/en/appuis.php>.

Table 11. Five largest primary poultry processing companies in Canada

<b>Company</b>	<b>Province of origin</b>	<b>Type of ownership</b>
Coopérative fédérée du Québec (Olymel)	Quebec	Co-op (100 000 members)
Lilydale Poultry Cooperative / Lilydale Inc.	Ontario	Co-op until 2005
Maple Leaf Poultry	Ontario	Public
Exceldor	Quebec	Co-op (230 members)
Maple Lodge Farms	Ontario	Private

Source: “Poultry Facts,” Farm Credit Canada, June 2012, accessed August 5, 2013, [http://www.fcc-fac.ca/en/learningcentre/knowledge/doc/Poultry\\_facts\\_e.pdf](http://www.fcc-fac.ca/en/learningcentre/knowledge/doc/Poultry_facts_e.pdf).

In the poultry processing industry, support for supply management is also observable. Except for Lilydale and Maple Lodge, whose positions are not publicly available, the other top three poultry processing firms have been supporters of supply management. La Coopérative fédérée has vocally supported the system. Like Agropur, it is an official supporter of the GO5 coalition. In November 2012, a rally was organized in Quebec to express a joint support to supply management, in the context of the negotiations for the trade agreements with the European Union and with the Trans-Pacific Partnership. It was also asked that “the Government comply with the unanimous motion voted by the House of Commons on November 22, 2005, in accordance with its commitment”<sup>233</sup>. The meeting was hosted by the Union des producteurs agricoles, the GO5 Coalition and the Coopérative fédérée. It seems clear that the latter’s commitment to supply management is deep and favorable.

Exceldor and Maple Leaf have also explicitly said they want to maintain supply management. Quebec’s government had a public commission on agriculture between 2006 and

<sup>233</sup> “More than 400 Partners From the Fields of Agriculture Business and Civil Society Rally to Support Supply Management,” GO5 Coalition, November 11, 2012, accessed June 20, 2013, [http://www.go5quebec.ca/en/communiqués\\_111112.php](http://www.go5quebec.ca/en/communiqués_111112.php).

2008, the ‘Commission sur l’avenir de l’agriculture et de l’agroalimentaire québécoise’ (Commission on the future of Quebec’s agriculture and agri-food system). In 2007, Exceldor submitted a report to the Commission, in which it clearly states it wants the federal government to guarantee the survival of supply management in the current WTO negotiations<sup>234</sup>. It says a lowering of tariffs for poultry products would devastate their industry. It does recommend that the supply management system be modified in order to allow more decisional power to go to processors and for quota allotment to be more responsive to the interests of processors. But overall, it does not question supply management, “which has served well the general interests of the industry up to now”<sup>235</sup>. Again, this should come as no surprise as Exceldor is a cooperative owned by 230 poultry farmers<sup>236</sup>.

Insight into Maple Leaf’s stance on supply management is given through an interview with the company’s chief executive officer, Michael McCain, in 2003. Mr. McCain states that “he believes supply management should be supported. It is a system that can provide fair returns to all stakeholders provided it does its job”. He does add that the system has some flaws that should be addressed, but that the company is willing to work with the industry as a whole to better the system<sup>237</sup>.

McCain said that while Maple Leaf is prepared for any outcome it would prefer to make the existing system work. “If supply management went away we would survive and thrive. But that is not, I reiterate not, our first choice.”<sup>238</sup>

Like primary production, most of the poultry and dairy processing industry is concentrated in Quebec and Ontario. In 2005, 67 per cent of dairy processors were in Quebec and

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<sup>234</sup> Exceldor, “Mémoire présenté à la Commission sur l’avenir de l’agriculture et de l’agroalimentaire québécois.”

<sup>235</sup> Ibid., 5-7.

<sup>236</sup> Ibid., 2.

<sup>237</sup> Knisley, “Michael McCain on Food Safety and Supply Management.”

<sup>238</sup> Ibid.



Ontario<sup>239</sup>. In 2011, 70 per cent of egg processors in Canada were in those two provinces<sup>240</sup>. There appears to be an exception in poultry. Only 36 per cent of Canada's poultry processing plants are in Quebec and Ontario, whereas Alberta alone accounts for 39 per cent<sup>241</sup>. This observation though shows that although supply management is foremost an interest of central Canada, other Canadian provinces also have important stakes in the system.

Additionally, major financial institutions have endorsed supply management as well. Among supporters of the GO5 Coalition are found the: Royal Bank of Canada, National Bank of Canada, and the Mouvement Desjardins<sup>242</sup>. According to the UPA's former president Jacques Proulx, in 1993 most of the money borrowed by Quebec farmers to invest in production quotas was loaned by Desjardins<sup>243</sup>. And among the speakers at the November 11, 2012, rally were representatives of Farm Credit Canada, the National Bank and of the Bank of Montreal<sup>244</sup>. In their speeches, they respectively outline that they are favourable to supply management. One of the main reasons that surfaces is that loans to farms under supply management are more secure, because of the stability of the market. There is an assured market for commodities produced and guaranteed high prices received for them.

In summary, both the poultry and dairy primary production and processing are mainly concentrated in central Canada. Most importantly, these two branches of the industry have similar interests. Unlike the agricultural producers who stand as a monolith in support of supply

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<sup>239</sup> "Dairy Processors in Canada," Canadian Dairy Information Centre, accessed July 10, 2013, [http://www.dairyinfo.gc.ca/index\\_e.php?s1=dff-fcil&s2=proc-trans&page=plant](http://www.dairyinfo.gc.ca/index_e.php?s1=dff-fcil&s2=proc-trans&page=plant).

<sup>240</sup> "Provincial Poultry Facts – 2011," Agriculture and Agri-Food Canada, accessed July 12, 2013, <http://www.agr.gc.ca/poultry-volaille/infprov-eng.htm>.

<sup>241</sup> "Annual Report 2012," Chicken Farmers of Canada, 26-27.

<sup>242</sup> "About GO5 – Our Supporters," GO5 Coalition, accessed June 20, 2013, <http://www.go5quebec.ca/en/appuis.php>.

<sup>243</sup> McKenna and Drohan, "Quebec Farmers Warn Goodale on GATT Stance."

<sup>244</sup> "About GO5 – Our Activities," GO5 Coalition, accessed June 20, 2013, <http://www.go5quebec.ca/fr/assemblement-de-la-coalition-G05.php>.

management, the processing industry appears to be more divided. Still, the most important dairy and poultry processors support or remain neutral on the issue of supply management. Furthermore, important Canadian financial institutions have also publicly endorsed supply management.

### *Electoral issues*

Among federal political parties, supply management garners unconditional support. The Reform Party was the only major federal party to be against supply management<sup>245</sup>. All others have been in support, as can be seen in their electoral platforms and stances between elections. The best illustration of the strong support supply management has among parties is the motion that was introduced by MP André Bellavance from the Bloc Québécois and passed in the House of Commons on November 22<sup>nd</sup>, 2005. As Jeffrey Simpson from the Globe and Mail writes, “in 2005, the House of Commons *unanimously* passed a resolution instructing negotiators to defend the existing supply management arrangements. *Any* change, according to the Commons, would be unacceptable. This from a group who couldn’t agree today is Tuesday”<sup>246</sup>. Although the motion is not legally binding, it is a clear instruction to government and Canadian negotiators about the House of Commons’ members’ view on supply management in the context of international trade agreements. The exact same motion was voted upon in Quebec’s National

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<sup>245</sup> Vieira, “Does Farm Business Have Ottawa Cowed?”

<sup>246</sup> Simpson, “The Ugly Canadian at Global Trade Talks in Geneva.”

Assembly the previous month<sup>247</sup>. And again this support shows how Quebec's political circles have been particularly active in the defence of supply management.

Opposition parties have held incumbent parties accountable to their commitment to supply management. For example, in 2006, "Liberal, NDP and Bloc MPs instructed the government to 'take immediate action to strengthen import controls,' to seek emergency negotiations with all our trading partners and to impose high tariffs on all milk ingredients that cross the border<sup>248</sup>." More recently, the *Toronto Star* reported that "all three federal parties support supply management. The Liberals, in particular, rushed to the system's defence [earlier in 2013] when the Conservative government moved to enter the talks for a new Trans-Pacific trade agreement<sup>249</sup>." The Conservative Party and the Bloc Québécois included the defence of supply management in their platform in the last federal election, in 2011<sup>250</sup>. The New Democratic Party and the Liberal Party did not include it, but made public commitments during the electoral campaign<sup>251</sup>. The explanation behind this uniform defence of supply management is, at least in part, electoral.

A review of press articles from 1980 to 2013 reveals that a number of journalists and political analysts identify electoral reasons as being the motivation behind this stable defence of supply management by political parties and successive governments. A recurrent idea is that the defence of supply management, because it is concentrated in Ontario and Quebec, is electorally

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<sup>247</sup> Skogstad, "Gestion de l'offre, fédéralisme canadien et négociations commerciales."

<sup>248</sup> Reynolds, "Stop Milking Outdated Agricultural Quotas."

<sup>249</sup> *Toronto Star*, "Tackling Sacred Cows."

<sup>250</sup> "Here for Canada," Conservative Party of Canada, accessed July 25, 2013, [http://www.conservative.ca/media/2012/06/ConservativePlatform2011\\_ENs.pdf](http://www.conservative.ca/media/2012/06/ConservativePlatform2011_ENs.pdf), 59; "Plateforme électorale du Bloc Québécois," *Équiterre*, April 5, 2011. Accessed July 25, 2013, <http://www.equiterre.org/communiqué/plateforme-electorale-du-bloc-quebecois-en-phase-avec-les-grandes-preoccupations-d%E2%80%99equite>.

<sup>251</sup> "Élections fédérales 2011" *La Terre de Chez Nous*, April 22, 2011. Accessed July 27, 2013, <http://www.laterre.ca/politique/Elections-federales-2011-les-partis-rencontrent-lu/>.

advantageous to gain rural ridings in these crucial provinces. The following quotes from major Canadian newspapers show this point:

With most of the industry concentrated in Quebec and Ontario, that is a major political danger to the already shaky Mulroney government<sup>252</sup>. (Financial Post, 1990)

Because of the nature of the Electoral Boundaries Readjustment Act, the supply-management lobby has disproportionate clout. Rural ridings usually have fewer residents per MP than urban ridings [...] The supply management farmers are also concentrated in key regions and key ridings: many eastern farmers are involved in supply marketing schemes [...] Many Quebec and Ontario Members of parliament owe their seats to farmers who depend upon supply management<sup>253</sup>. (Globe and Mail, 1990)

If supply management is threatened, so is Mr. Mulroney's popularity with dairy and poultry farmers, who are concentrated in Quebec and Ontario. Given Canada's constitutional crisis, alienating a large group of Quebec voters, no matter what their occupation, would not be politically wise<sup>254</sup>. (Globe and Mail, 1991)

The battle for rural Ontario flared up yesterday as the top four parties jockeyed for the farm vote in next week's election. The region is seen by the Canadian Alliance as its best bet for making a breakthrough into central Canada. In a debate sponsored by the Ontario Federation of Agriculture during its annual meeting in Toronto yesterday, all four parties pledged to defend supply management at world trade talks and to spend more on aid for farmers.<sup>255</sup> (Toronto Star, 2000)

[Michael Hart, a former Canadian trade official, author of an CD Howe Institute study on supply management] said supply management is being propped up by politicians who won't change the system because they fear losing votes in rural Ontario and Quebec, where many of the country's dairy farmers live. The status quo

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<sup>252</sup> Solomon, "Canada's Contortions on Supply Management."

<sup>253</sup> Janigan, "Why Chickens Don't Come Cheap."

<sup>254</sup> Drohan, "Canada Makes Last-Ditch Bid to Save Marketing Boards."

<sup>255</sup> Laidlaw, "Politicians Seek to Harvest Farm Support."

also survives, he said, because consumers aren't sufficiently angry to demand change<sup>256</sup>. (Globe and Mail, 2005)

There are three reasons why the two are different for the Tories: location, location, location...To be fair to the Conservatives, they have consistently stood four-square in favour of supply management. They know that tinkering with the system would likely sink their hopes in the rural parts of Quebec and Ontario where they are strongest<sup>257</sup>. (Financial Post, 2006)

Supply management is a sensitive issue for the minority Harper government, which is trying to win more seats in Ontario and Quebec where support for it is strongest<sup>258</sup>. (Globe and Mail, 2008)

The Conservative attack ads unveiled Monday suggest one front of the election campaign, whenever it comes, will be fought in the fields of rural Quebec. In this theatre, victory will be determined by whichever party shouts loudest of its love for Quebec's dairy industry...Prime Minister Stephen Harper has defended supply management since he united the right – one presumes for political reasons. He has told his APEC partners that reforming supply management would be political suicide<sup>259</sup>. (National Post, 2011)

Supply management is nothing short of price fixing. It is a drain on consumers and the food industry. But it is very popular with a small group of influential farmers, largely in rural Ontario and Quebec ridings that the Tories, like the Liberals before them, are eager to keep or capture<sup>260</sup>. (National Post, 2011)

After all, although the dairy lobby is among the most powerful in the country, its members are largely centred in Quebec ridings where the Conservatives have been shut out and in Eastern Ontario, where support for the Tories is so deep that the party might even hold some of the ridings in the next election despite the outrage of farmers<sup>261</sup>. (Globe and Mail, 2012)

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<sup>256</sup> Tuck, "Dairy, Poultry Systems Criticized."

<sup>257</sup> Ivison, "Bread and Butter Issues a Delicate Dance."

<sup>258</sup> Chase, "Lowered Tariffs Won't Hurt Canada's Food Supply: Fortier."

<sup>259</sup> Ivison, "We Stand Alone, Because of Cheese."

<sup>260</sup> *National Post*, "Ending Supply Management."

<sup>261</sup> Ibbitson, "Why Protecting Dairy, Egg Farmers Is No Sacred Cow for PM."

Of course, these journalistic quotes are not scientific evidence that supply management is maintained for electoral reasons. They only express reflections from non-academics who may or may not be very knowledgeable about the issue of supply management. Still, this collection of quotes shows that there is a shared perception among observers that electoral politics play a role in the preservation of the supply management system.

The electoral thesis has been recently countered by a 2012 University of Calgary study, authored by former Liberal MP Martha Hall Findlay<sup>262</sup>. This study is the first to empirically test the electoral hypothesis. It compiled numbers by ridings and concludes that to justify the defence of supply management for electoral reasons is not rational, at least for Conservatives at the moment. Hall Findlay writes that several politicians think they have to support supply management, but that this idea is in fact not supported by data<sup>263</sup>.

Not only are they far less numerous, the farms that are left are concentrated in electoral districts so predominantly supportive of one party or another that, even if a proposal to dismantle supply management were received so negatively that some people would change their votes, there are few if any electoral districts where those votes would be enough to change the electoral results.

There are only 13 ridings in Canada with more than 300 dairy farms. And to put things into relative electoral perspective, these are ridings which have an average of 80,000 registered voters each. Eight of these are in Quebec, three of which (based on both the 2008 and 2011 elections) are held comfortably by Conservatives. Three are held by the NDP, two by the Bloc Quebecois, but in four of these, the Conservatives did not even come second, so the situation is not likely to change one way or the

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<sup>262</sup> Hall Findlay, "Supply Management: Problems, Politics – And Possibilities."

<sup>263</sup> Ibid., 20.

other. The other five of this group of 13 are in Ontario, strongly held by Conservatives, each by over 10,000 votes in 2011<sup>264</sup>.

Yet, it must be pointed out that Hall Findlay assumes the only supporters of supply management are farmers, dairy farmers more particularly. The exclusion of poultry and egg farmers from the study is understandable given dairy production is much more important (see the Canada graph in Appendix H). But the numbers do not take into account all of the people that could be sympathetic to supply management: families and the entourage of supply management farmers, employees of the processing industry, employees of the supply management production supply chain (breeders, feeders, machinery, chemicals, etc.), and more generally, citizens of communities with a strong presence of supply-managed farms. The question is not whether or not the maintenance of supply management is rationally in their interest, but rather about their perception. It is at least possible to speculate that supply management is supported by a wider range of individuals than dairy farmers only. A national survey from 2002 did show that 82 per cent of Canadians thought Canadian agriculture should be shielded from foreign competition<sup>265</sup>, although the high rates on this poll could be based on a misunderstanding of what protection entails.

Although some of the reasoning by Hall Findlay's study may be flawed, its conclusions may be accurate. Electoral reasons may not be rational ones to continue to defend supply management. Even though a wider range of citizens may support the system, it is unlikely that it will influence the vote of those who do not have stakes in it. On the other hand, although Hall Findlay's study demonstrated that hard data do not corroborate the electoral justification, it does

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<sup>264</sup> Hall Findlay, "Supply Management: Problems, Politics – And Possibilities," 22.

<sup>265</sup> Wise, "Why Supply-Managed Agriculture Is Good For Us."

not rule out the possibility that supply management is defended for electoral motivations. In fact, she states that the report:

examines — and challenges — the political assumptions behind politicians' traditional unwillingness to challenge supply management, suggesting that those assumptions are no longer valid, and that the political risks are much smaller than previously assumed<sup>266</sup>.

She therefore claims electoral motives have infused the defence of the system by politicians, but that this claim does not hold anymore and that supply management *should* not be defended based on these motives.

### *Nationalism and separatism in Quebec*

The close relationship central Canada provincial governments have developed with farmers' organizations is particularly strong and exceptional in Quebec. Furthermore, Quebec separatism was at its peak in the 1980s and 1990s and is another explanation of Canada's position.

The Western prairies' economies are more dependent on agriculture than Quebec, but there is something special about the agricultural sector in the French province. First, the Quebec government is even more committed to the state-assistance paradigm than in other provinces. Indeed, there appears to be an ideological cleavage between Quebec and the rest of Canada in relation to agriculture<sup>267</sup>. In the 1970s and 1980s, the provincial government invested massively in agriculture, more than any other province, in order to encourage the growth and

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<sup>266</sup> Hall Findlay, "Supply Management: Problems, Politics – And Possibilities," 3.

<sup>267</sup> Skogstad, "Canadian Agricultural Programs and Paradigms," 497.



competitiveness of the sector<sup>268</sup>. Accordingly, Quebec's agriculture flourished during the 1980s<sup>269</sup>. Wilson gives the income-stabilization programs as an example of the commitment of the Quebec government to the province's agricultural sector: "It was a policy motivated by both politics and economics, but at its base was an ideological commitment to rural Quebec and a view of agriculture as a potential economic engine for the province"<sup>270</sup>. Additionally, "with its expenditure and regulatory latitude over agricultural policy diminished by international agreements and deficit-driven fiscal restraint, the Government of Canada's capacity to demonstrate the continuing benefits of federalism to Quebec agriculture is further handicapped"<sup>271</sup>. Indeed, there has been a progressive disengagement of the federal government from Quebec's agricultural sector and federalism was perceived by Quebec farmers as being detrimental to their interests<sup>272</sup>. UPA's president endorsed independence in 1995 and after the referendum's failure, explicitly asked for agriculture to become an exclusively provincial power<sup>273</sup>.

Furthermore, UPA has a particular status. Indeed, in 1972, the Quebec government granted the organization, through legislation, the monopoly of representation of the province's farmers. Skogstad argues that general organizations' influence has decreased and that in parallel, sectoral organizations have become the most influential producers' groups. UPA is the only exception to

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<sup>268</sup> Skogstad, "Federalism and Agricultural Marketing," 93.

<sup>269</sup> Wilson, *Farming the System*, 194.

<sup>270</sup> Ibid.

<sup>271</sup> Skogstad, "Canadian Federalism, Internationalization and Quebec Agriculture," 33.

<sup>272</sup> Skogstad, "Canadian Federalism, Internationalization and Quebec Agriculture."

<sup>273</sup> Ibid., 28.

this trend<sup>274</sup>. It has power and influence; it has strong links with the provincial agriculture ministry, the Ministère de l'Agriculture et des Pêches du Québec (MAPAQ)<sup>275</sup>.

UPA has always been a strong advocate of supply management. Its links are much stronger with Quebec's government than with the federal government. And, as explained above, because the Quebec government has such a close relationship with UPA, it has become an important ally to supply management as well. Furthermore, supply management is more important to the province's agriculture than to any other province, providing about 40 per cent of the provincial farm cash receipts in 2010<sup>276</sup>. The dairy sector is particularly important. In 2011, fifty per cent of Canadian dairy farms were in Quebec<sup>277</sup> and about 27 per cent of Quebec farms were dairy in 2006<sup>278</sup>. Skogstad says that if Quebec seceded, supply management would lose its most important voice<sup>279</sup>. Her argument implies that UPA and the Quebec dairy sector are very powerful and have had preponderant influence on the maintenance of supply management in the country.

## **Separatism**

The Quebec political separatist movement truly emerged during the 1960s and 1970s. The two sovereignist political parties from which were formed the Parti Québécois, the Mouvement

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<sup>274</sup> Skogstad, "The State, Organized Interests and Canadian Agricultural Trade Policy," 330-331.

<sup>275</sup> Skogstad, "Canadian Federalism, Internationalization and Quebec Agriculture," 28.

<sup>276</sup> Refer to graph on page 67.

<sup>277</sup> "About Us," Dairy Farmers of Canada, accessed August 10, 2013, <http://www.dairyfarmers.ca/who-we-are/about-us>; "2011 Annual Report," Fédération des Producteurs de Lait du Québec, accessed May 10, 2013, <http://www.lait.org/fichiers/RapportAnnuel/?id=FPLQ-2011>, 12.

<sup>278</sup> "Farms, by farm type and province," Statistics Canada, accessed October 29, 2012, <http://www.statcan.gc.ca/tables-tableaux/sum-som/101/cst01/agrc35a-eng.htm>.

<sup>279</sup> Skogstad, "Canadian Federalism, Internationalization and Quebec Agriculture."

Souveraineté-Association and the Ralliement National were respectively founded in 1967 and 1966. The two merged into the Parti Québécois in 1968. Sovereignty became a popular cause in Quebec from the 1970s to the 1990s. The sentiment is still present and the sovereignist cause is still alive. The rate of support for sovereignty has wavered between about 35 and 70 per cent between 1989 and 2008<sup>280</sup>. Support was at its highest in 1990-91, but it has remained above 35 per cent from 1995 to 2008. Among the highlight moments of the movement are the referendums of 1980 and 1995. In 1980, the “No” won with 59.56 per cent of the votes; the “Yes” obtained 40.44 per cent. The 1995 referendum results were much closer: the “Yes” clan lost with 49.42 per cent of the votes while the “No” got 50.58 per cent<sup>281</sup>. The following table compiles the percentage of vote obtained by the Bloc Québécois in Quebec in federal elections since 1993, the first election for which it presented candidates and the Parti Québécois in Quebec provincial elections since 1981, the decade in which started the Uruguay Round. The Bloc Québécois and the Parti Québécois are the two main Quebec-based separatist political parties. The percentage of the vote they got in elections during the 1980s, 1990s and 2000s are instructive about the level of support for sovereignty in Quebec during that period.

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<sup>280</sup> Yale and Durand, “What Did Quebeckers Want?” 252; 254.

<sup>281</sup> “Référendums au Québec,” Directeur Général des Élections du Québec, accessed July 5, 2013, <http://www.electionsquebec.qc.ca/francais/tableaux/referendums-quebec-8484.php>.

Table 12. Percentage of the vote obtained by the Bloc Québécois in federal elections in Quebec and by the Parti Québécois in provincial elections, 1981-2007

<b>Bloc Québécois</b>	<b>Année</b>	<b>Parti Québécois</b>
	<b>1981</b>	49.26
	<b>1982</b>	
	<b>1983</b>	
	<b>1984</b>	
	<b>1985</b>	38.69
	<b>1986</b>	
	<b>1987</b>	
	<b>1988</b>	
	<b>1989</b>	40.16
	<b>1990</b>	
	<b>1991</b>	
	<b>1992</b>	
49.3	<b>1993</b>	
	<b>1994</b>	44.75
	<b>1995</b>	
	<b>1996</b>	
37.9	<b>1997</b>	
	<b>1998</b>	42.87
	<b>1999</b>	
39.9	<b>2000</b>	
	<b>2001</b>	
	<b>2002</b>	
	<b>2003</b>	33.24
48.9	<b>2004</b>	
	<b>2005</b>	
42.1	<b>2006</b>	
	<b>2007</b>	28.35

Source: For Bloc Québécois : data compiled from “Past Elections,” Elections Canada,

<http://www.elections.ca/content.aspx?section=ele&dir=pas&document=index&lang=e>; Drouilly, “L’élection fédérale du 25 octobre 1993,” [http://www.pum.umontreal.ca/apqc/93\\_94/drouilly/drouilly.htm](http://www.pum.umontreal.ca/apqc/93_94/drouilly/drouilly.htm).

For Parti Québécois : data compiled from “Élections générales,” Directeur général des élections du Québec,

<http://www.electionsquebec.qc.ca/francais/provincial/resultats-electoraux/elections-generales.php?e=45#e>.

The Uruguay Round was launched in 1986 and negotiations ended in 1994. As the 1993-election results show, the Bloc Québécois garnered almost 50 per cent of the vote in Quebec. Separatist, or at least nationalist, feeling was high. Although the Liberal Party was in power in Quebec from 1985 to 1994, the Parti Québécois still obtained 39 per cent of the vote, on average, in the 1985 and 1989 elections. The popularity alone of a sovereignist party in a province is enough for the federal government to take this variable into account while formulating policy. The federal government at least has Quebec sovereignty in the back of its mind when elaborating policy that will directly affect the province. And supply management is particularly important for Quebec. In terms of number of farms and volume of farm cash receipts, it is the province that is most dependent on supply-managed farms.

It is also possible that in addition to Quebec nationalism and exceptionalism associated with agriculture and the influence of UPA, supply management has been maintained by the federal government because of the existence of Quebec separatism. Quebec farmers do not seem to be more separatist than Quebec citizens in general. It seems that the proportion of separatists among farmers was about the same as in the general population; approximately half favoured separation in 1995<sup>282</sup>. An Ipsos-Reid poll also showed 44 per cent of Quebec's farmers said they were going to vote for the Bloc Québécois in the 2004 federal election. In contrast, among Canadian farmers in general, 60 per cent declared they planned to vote for the Conservatives, 23 per cent for the Liberals, and 7 per cent for the NDP<sup>283</sup>. Although support for sovereignty only appears to be 50-50 among Quebec farmers, it would be reasonable to think that if the federal government had announced a position in the Uruguay or the Doha Round threatening supply

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<sup>282</sup> Belzile, "Le monde rural appuie la souveraineté."

<sup>283</sup> Tuck, "Tories, Liberals Spar on Agri-Food, Farm Policies."

management, it could have resulted into an increased support to separatism among farmers, and perhaps even enough to put the support for independence over the 50 per cent mark.

### **Quebec electoral ridings with the most dairy farms**

The Hall Findlay research study compiled the number of dairy farms per federal electoral riding across Canada. Quebec counts 75 ridings and for the purpose of this present research the ridings that have more than 250 dairy farms have been identified. The map on the following page highlights those districts and the following graph lists the number of dairy farms in those ridings for 2006.

Table 13. Quebec federal electoral ridings with more than 250 dairy farms, 2006

	Number of farms
Montmagny-L'Islet-Kamouraska-Rivière du Loup	561
Beauce	465
Richmond-Arthabaska	449
Bas Richelieu-Nicolet-Bécancour	428
Mégantic-L'Érable	388
Lévis-Bellechasse	358
Beauharnois-Salaberry	351
Compton-Stanstead	322
Lotbinière-Chutes de la Chaudière	280
St-Hyacinthe-Bagot	266
Roberval-Lac-St-Jean	256

Source : Data compiled from Hall Findlay, “2011 and 2008 Election Results for Electoral Districts With More Than 150 Dairy Farms,” <http://2013.marthahallfindlay.ca/wp-content/uploads/2012/12/2012-06-21-Article-Supply-Management-Problems-Politics-And-Possibilities-School-of-Public-Policy-UofC.pdf>, 26.

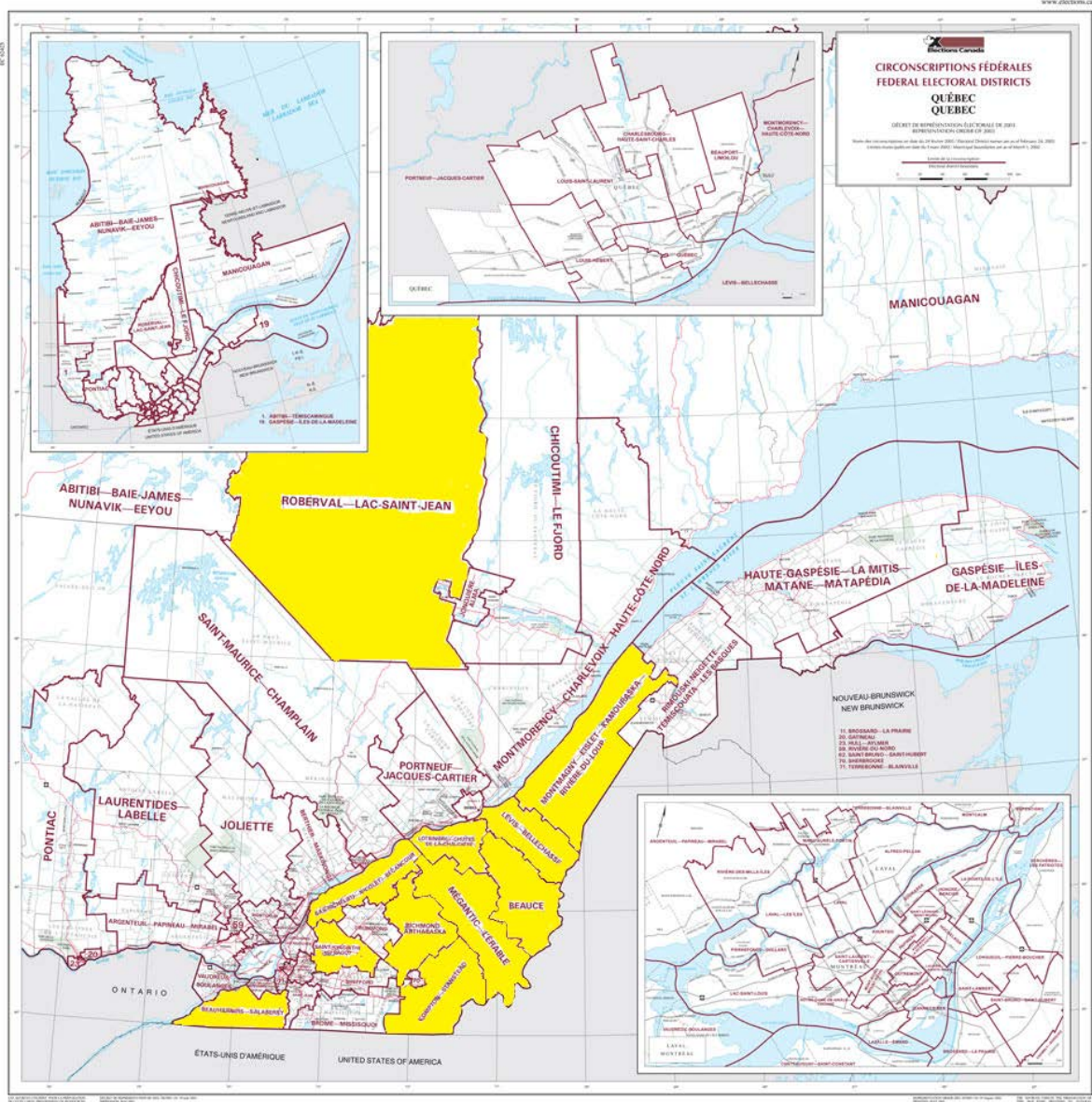


Figure 3. Quebec federal electoral ridings with more than 250 dairy farms, 2006. Source: Original map from “Map of Quebec,” Elections Canada, <http://www.elections.ca/res/cir/maps/map.asp?type=prov&map=QC&lang=e>. Modified with data from Table 12.

The portrait would be more complete if poultry and egg farms were also represented in those numbers and in the electoral map, but those numbers are not available per riding. Furthermore, it would be more interesting to present data for the mid-1980s and the end of the 1990s, when negotiations were ongoing, particularly given that the number of dairy farms has extensively declined over the last forty years. From 2001 to 2011, the number of dairy farms in Canada has gone from 18 321 to 12 207<sup>284</sup>. In 1989, that number was approximately 34 000<sup>285</sup>. The current number of farms by electoral riding is therefore not representative of the number of farms during the Uruguay Round. Although closer, they are not the accurate numbers for the beginning of the Doha Round either. It will be assumed that the ridings (or regions since ridings have changed over the last forty years) with the most farms in 2006 were the same during the 1980s and 1990s.

The map with the highlighted ridings was set against a map of the distribution of the vote in the 1995 referendum and a table which compiles the political affiliation of the incumbent in the 11 ridings for all federal elections since 1984.

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<sup>284</sup> “Census of Agriculture, farms classified by the North American Industry Classification System (NAICS), Canada and provinces, every five years,” Statistics Canada, accessed July 5, 2013, <http://www5.statcan.gc.ca/cansim/a05?lang=eng&id=0040014&pattern=0040014&searchTypeByValue=1&p2=35>.

<sup>285</sup> Fox, “Food Marketing Boards Brace for Drastic Reform.”

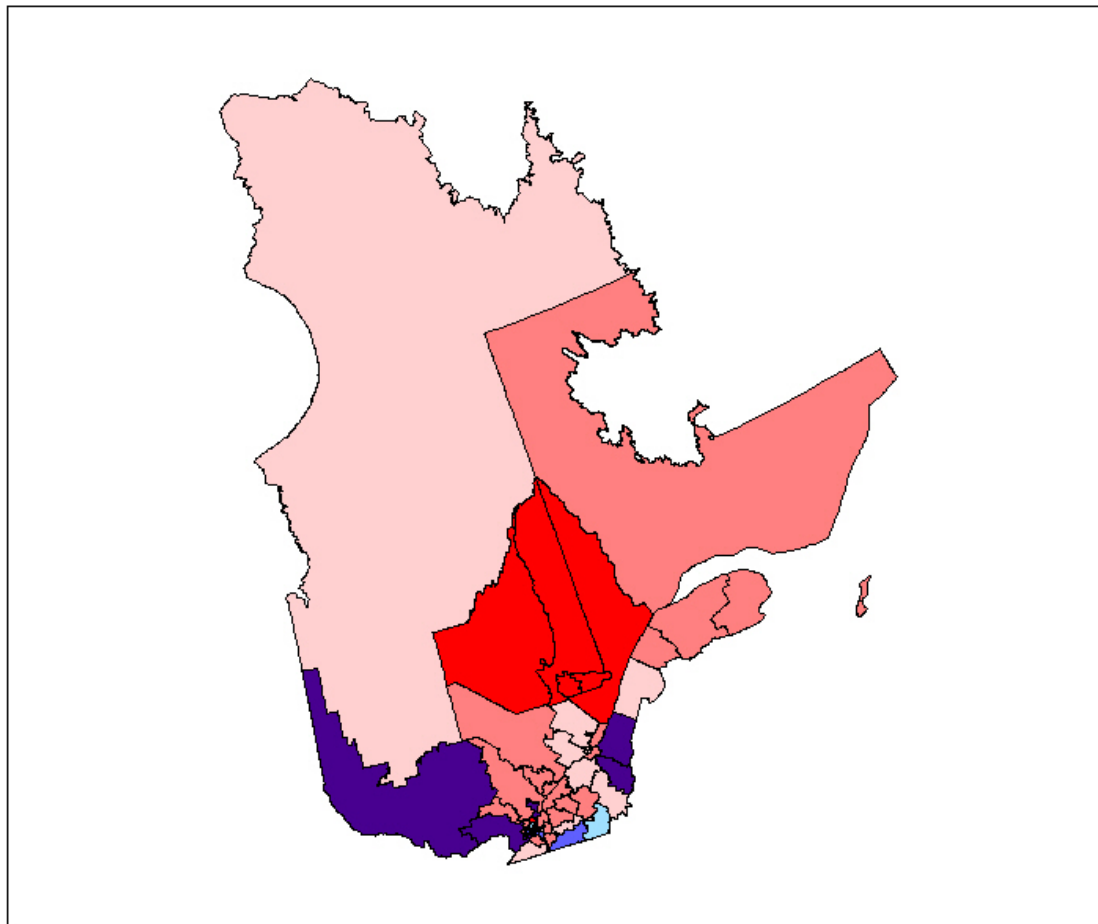


Table 14. Incumbent party in Quebec federal electoral ridings with more than 250 dairy farms, 1984-2011

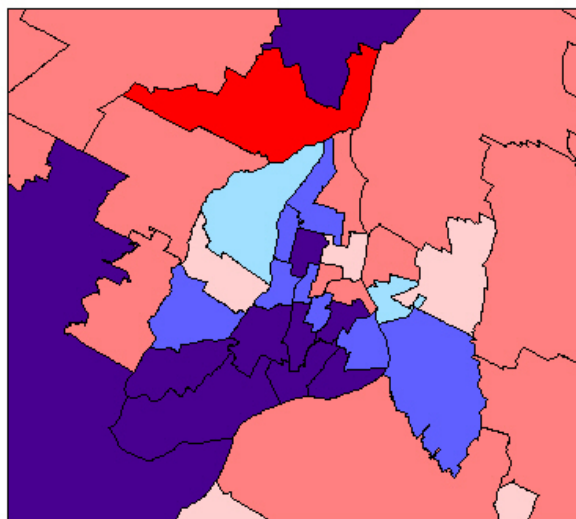
	1984	1988	1993	1997	2000	2004	2006	2008	2011
<b>Montmagny-L'Islet-Kamouraska-R</b>				BQ / Lib	BQ / Lib	BQ	BQ	BQ	NPD
<b>Beauce</b>	PC	PC	Ind	Lib	Lib	Lib	C	C	C
<b>Richmond-Arthabaska</b>	Lib	PC	BQ	PC	PC	BQ	BQ	BQ	BQ
<b>Bas-Richelieu-Nicolet-Becancour</b>	PC	PC	BQ	BQ	BQ	BQ	BQ	BQ	BQ
<b>Mégantic-L'Érable</b>	PC	PC	BQ	BQ	Lib	BQ	C	C	C
<b>Lévis-Bellechasse</b>	PC	PC	BQ	BQ	BQ	BQ	C	C	C
<b>Beauharnois-Salaberry</b>	PC	PC	BQ	BQ	Lib	BQ	BQ	BQ	NPD
<b>Compton-Stanstead</b>	PC	PC	BQ	PC	Lib	BQ	BQ	BQ	NPD
<b>Lotbinière-Chutes de la Chaudière</b>	PC	PC	BQ	BQ	BQ	BQ	C	C	C
<b>St-Hyacinthe-Bagot</b>	PC	PC	BQ	BQ	BQ	BQ	BQ	BQ	NPD
<b>Roberval-Lac-St-Jean</b>	PC	PC	BQ	BQ	BQ	BQ	BQ /C	C	C

\* Montmagny-L'Islet-Kamouraska-Rimouski was left blank in 1984, 1988 and 1993 because the ridings changed extensively during these years and the current riding was formed from multiple ridings.

Source : Data compiled from "History of Federal Ridings Since 1867," Parliament of Canada, accessed August 2, 2013,  
<http://www.parl.gc.ca/About/Parliament/FederalRidingsHistory/hfer.asp?Search=Rres&ridProvince=10&submit1=Recherche&Language=E>.



Greater Montreal



1995 Quebec Referendum  
Percent Yes

- 65% or more
- 55% to <65%
- 50% to <55%
- 45% to <50%
- 35% to <45%
- less than 35%

Figure 4. Map of the percentage of vote for the “yes” in the 1995 Quebec referendum on independence by federal electoral riding. Source: Hill, “Quebec Referendum (30 Oct 1995) by Federal Electoral District,” <http://www.canpolitics.com/quebec1995.html>.

For one, the above table and figure tell us that all of the ridings where there are the most dairy farms in Quebec elected the Progressive Conservatives in 1988. Almost all of them elected the Bloc Québécois in 1993. In the year and months before the 1993 election, Conservatives could have been wary of the growing popularity of the Bloc Québécois, but it would be surprising that their sentiment be particular only to these ridings. The Bloc Québécois swept the entire province in 1993; they won 54 of the 75 seats. And most of all, the 1995 referendum map and table show that the region where dairy farms are concentrated, the South-East of Quebec, is not the heartland of separatism. Out of the eleven ridings in question, it is only in Roberval-Lac-Saint-Jean where more than 65 per cent of people voted for sovereignty. The other ten ridings are more or less divided. In a little less than half did more than 50 per cent vote for sovereignty. Some of these ridings are on the edge: 45 to 50 per cent and 50 to 55 per cent, but some are below 35 and above 55. In other words, there doesn't seem to be a clear pattern. There is no correlation between supply management and support to sovereignty. This outcome could show that these regions have changing political affiliation and are therefore electorally of interest for political parties in times of elections. Yet, this would demand much more data to be demonstrated.

More generally, this brings us to the importance of perception in relation to the idea of Quebec separatism and nationalism. Perhaps it is not useful to analyse numbers. Perhaps it does not matter if ridings where supply-managed farms are concentrated are populated by an-above average level of sovereignists or are swing ridings which demand more attention in order for them not to fall into the separatist realm. Perhaps the picture should be looked upon with a step back.

Brian Mulroney, who was the Prime Minister of Canada from 1984 to 1993, was worried about national unity, and supply management, although a minor issue for Canadians as a whole, could have been maintained with the optic of not providing munitions to separatist politicians in Quebec. The following quote demonstrates this idea: “Mr. Mulroney and his ministers have pleaded the case of Canadian unity at GATT to keep marketing-board practices going<sup>286</sup>.” Other quotes from the Canadian press show there was a worry supply management would be instrumentalized by sovereignists to gain more support in rural Quebec.

Any GATT agreement that damages supply management will provide fodder for Quebec separatists. Already, the head of Quebec’s powerful UPA, Jacques Proulx, has indicated that the federal government will be held responsible if the talks don’t turn out the way Quebec’s 13,200 dairy farmers want<sup>287</sup>.

Jean Lapierre, House of Commons leader for the separatist Bloc Quebecois, already appears to be smacking his lips at the opportunities that would be presented by a GATT deal reached at the expense of dairy, egg and poultry farmers. “If (farm) quotas fall, a lot of federalists will fall as well,’ Mr. Lapierre predicted at a news conference yesterday<sup>288</sup>”.

“Parizeau would like nothing better than to see the federal government fall and then he could scream that the federal government doesn’t look after the interests of Quebec farmers<sup>289</sup>” (quote from Liberal Party agriculture critic Maurice Foster)

While insisting the issue was a national one, Wilson conceded that supply management is particularly sensitive in Quebec, which has half of Canada’s dairy farmers. Farmer lobbyists have warned that separatists will use any retreat on supply management to undermine federalism<sup>290</sup>.

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<sup>286</sup> Simpson, “Fighting to the Finish, and Now the Finish Has Come.”

<sup>287</sup> Freeman and Fagan, “Quebec Silence Loud at GATT Trade Talks.”

<sup>288</sup> Ibid.

<sup>289</sup> Winsor, “GATT May Fuel Regional Woe in Replay of Trudeau Wrangle.”

<sup>290</sup> McCarthy, “Wilson Promises GATT Fight to Save Supply Management.”

Furthermore, the Bloc Québécois stated in October 1993, a few days before Election Day, that an independent Quebec would be able to continue to supply half of Canada's dairy products and that farmers could continue to enjoy supply management<sup>291</sup>. In 1995, the Quebec government, formed by the Parti Québécois, issued a report stating similar ideas<sup>292</sup>. Both of Quebec's main independentist political parties made explicit statements about separation and supply management, possibly to reassure or convince supply-managed farmers in Quebec. The federal government subsequently responded to the Parti Québécois' report:

Mr. Goodale [federal agriculture Minister] scoffed yesterday at a Quebec government report that argues Canada would still be dependent on Quebec industrial milk after separation. Mr. Goodale called that naive and presumptuous [...] But Mr. Goodale said it's ludicrous to think non-Canadians could be part of the Canadian dairy system [...] He said a newly independent Quebec wouldn't have any historic rights, and U.S. trade negotiators would insist on opening up the Quebec milk market<sup>293</sup>.

Supply management has therefore been the subject of rifts between separatists and federalists. In his memoirs, Roy McLaren, Minister of International Trade under Jean Chrétien from 1993 to 1996 and therefore directly involved in the Uruguay Round negotiations, reports that Chrétien told him he did not agree with Canada defending supply management. Chrétien reportedly told McLaren that they had to defend supply management because of Quebec, because Quebec farmers were all separatists<sup>294</sup>. This last example illustrates the importance of perception when analyzing Quebec separatism and its interpretation by federal politicians.

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<sup>291</sup> Scott, "Separate Quebec Would Retain Quota of Milk, Bloc Says."

<sup>292</sup> *Globe and Mail*. "Goodale Rejects Dairy Report."

<sup>293</sup> Ibid.

<sup>294</sup> Watson, "Indulging Quebec."

The maintenance or dismantlement of the supply management system is not an issue that would influence the vote of most Canadians. But given that their livelihoods depend on it, supply-managed farmers could change their allegiance according to which camp supports supply management. Yet, supply management directly affects a small minority of the Canadian population; supply managed farmers constitute only 0.05 per cent of the Canadian population<sup>295</sup>. If people hired in production (farm workers) and in the processing industry are included this percentage rises to 0.3 per cent<sup>296</sup>. But as mentioned before, supply management is supported by a wider range of citizens than farmers and processing-industry employers and most of all, the federal government, for any policy, takes into account the effect it will have on the level of support to Quebec sovereignty. To conclude, those numbers are very small. Again, it may point in the direction that support to supply management is not based on mathematical calculations of the effect of a repudiation of supply management on the support for separatism in Quebec. Support could rather be based on an impression that the dismantlement of supply management could revive separatism and provide arguments to sovereignist politicians.

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<sup>295</sup> "Population," Statistics Canada, accessed July 5, 2013, <http://www.statcan.gc.ca/pub/12-581-x/2012000/pop-fra.htm>; number of members of supply-managed national agencies, from 2012 annual reports.

<sup>296</sup> Data compiled from: "Dairy Farm Operators," Canadian Dairy Information Centre, accessed July 3, 2013, [http://www.dairyinfo.gc.ca/index\\_e.php?s1=df-fcil&s2=farm-ferme&s3=impact&page=intro](http://www.dairyinfo.gc.ca/index_e.php?s1=df-fcil&s2=farm-ferme&s3=impact&page=intro); "Number of Employees in the Dairy Product Manufacturing Sector," Canadian Dairy Information Centre, accessed July 3, 2013, [http://www.dairyinfo.gc.ca/index\\_e.php?s1=df-fcil&s2=proc-trans&s3=impact&page=intro](http://www.dairyinfo.gc.ca/index_e.php?s1=df-fcil&s2=proc-trans&s3=impact&page=intro); "2012 Annual Report," Chicken Farmers of Canada, accessed July 3, 2013, <http://chickenfarmers.ca/upload/Documents/2012-annual-report.pdf>, 27; "Egg Industry – Economic Impact," Manitoba Egg Farmers, accessed July 3, 2013, <http://www.mbegg.mb.ca/industry-economic.html>.

## CONCLUSION

In summary, Canada has been holding an inconsistent position in the agricultural trade negotiations of the Uruguay and Doha rounds. It has been advocating a strong liberalization of agricultural trade in order to secure market access gains for the export-dependent agricultural sector in Canada. In parallel, it has also been advocating for the maintenance of the supply management system. Canada's position has therefore been somewhat paradoxical, pushing for both liberalization and protectionism in agricultural trade policy. And despite strong criticisms and lobbying efforts from other countries such as the US, Australia and NZ, Canada has maintained the same position for the last 30 years. Canada has had a preference for free trade since the 1980s and the thesis is therefore less about explaining Canada's dual position than about explaining the consistent defence of supply management by the Canadian government.

The thesis has demonstrated that several factors explain the stable support for supply management. First, Canada has continued to defend supply management internationally because of the preponderant influence of the farmers' organizations from the supply-managed sector. In *Business and Politics*, Coleman indicates that interest groups can fulfill two roles: policy advocacy and policy participation. For the former, the influence of organizations is impacted by resources such as budget and staff. And indeed, supply-managed organizations have a smaller membership, but much higher budgets and staff than organizations from the export-dependent sector. The organizational resources of the supply-managed sectors provide an explanation to the wider influence they have. As for policy participation, the influence of organizations relative to this role is determined by several elements. Organizations must be vertically integrated and their membership must be mutually exclusive. They must be formed around narrow and specialized

interests and be given privileges from the state. This is indeed more applicable to the supply-managed organizations than to the export-dependent ones. The thesis shows the high level of collaboration and coordination between farmers' organizations in the supply-management system. There is a high degree of integration between these organizations as well, especially in Quebec. The level of collaboration is also illustrated by the coalitions these organizations have formed over the issue of agricultural trade.

Second, supply management has been defended consistently by the Canadian government because it is foremost in the interest of dominant Quebec and Ontario. Supply-managed farms are heavily concentrated in central Canada and the Quebec and Ontario governments have in turned become strong advocates of the system within the federation. This is partly due to the fact that supply-managed farmers' organizations have developed corporatist relationships with government, especially in Quebec and Ontario. These provincial governments therefore see the supply-managed organizations as partners. Corporatism typically entails a tripartite relationship: producers, government and processors in agriculture. The convergence of interests is also observable between producers and processors in the supply-managed sector in Canada. The main dairy and poultry processors, as well as major Canadian financial institutions, have openly supported the system.

Third and lastly, electoral and national unity reasons explain the advocacy for supply management in multilateral trade negotiations. Many observers have attributed the survival of supply management to the concentrated presence of supply-managed farms in swing rural ridings of the electorally important provinces of Quebec and Ontario. Although Hall-Findlay has demonstrated that the electoral justification is not met by hard data, it is very probable that supply



management has been maintained because politicians *perceive* it could be electorally dangerous to dismantle the system. Similarly, perception could play a role in an additional manner. Quebec separatism is a recurring variable in Canadian politics and given the importance of supply management for Quebec farmers, it could be another factor to explain Canada's position. Subsequent Canadian governments could have been wary of the impact of the dismantlement of the system on the level of support for separatism, especially given that the multilateral negotiations occurred at times when national unity was a cause for concern in Canada.

As all of these factors point in the same direction, it is difficult to assess which one has had more impact on the defence of supply management. In other words, each of these variables directs us towards the maintenance of supply management. It is not possible to measure the relative weight of each factor. Still, the thesis puts forward plausible explanations and more importantly shows that it is difficult to fully distinguish the variables from each other as most of them overlap.

Furthermore, this research contributes to key debates in the field of political science. As outlined at the beginning of the thesis, a significant discussion is around the sources of foreign policy. With the exception of classic realists, there is a near-consensus among scholars that domestic factors do influence foreign policy. The debate revolves around the weight of internal factors in comparison to that of external factors. Among domestic factors that are commonly underlined in research are domestic interest groups. Their influence on trade policy has been demonstrated in several academic works.

This research has intentionally restricted itself to domestic explanatory factors. This has mainly been done to set reasonable limits to the scope of the research. External factors could have

been looked upon, but they were set aside to make the research realistic in latitude. For example, it would have been interesting to research the impact of the protectionist positions of major negotiation participants such as the US and the EU on Canada's position. It is possible to posit that Canada's *status quo* position would be more difficult to maintain if the two main negotiators did not have *status quo* positions themselves. Yet, external factors were excluded from the research for practical reasons. Despite the deliberate omission of external sources, the thesis demonstrated that domestic sources have had an important impact on the Canadian position for agricultural trade negotiations. It is reasonable to think that Canada's position is at least in great part due to domestic factors. More specifically, domestic interest groups – farmers' organizations – seemed to have played a substantial role in the defence of supply management.

The second debate to which the research contributes is the impact of federalism on foreign policy. The thesis shows that in the case of agricultural trade negotiations, Canadian federalism had an impact on the elaboration of the Canadian position. Skogstad had previously demonstrated that because agriculture is under shared jurisdiction, provincial input is sought by the federal when negotiating international agreements that affect agriculture. This research corroborates that provincial governments have lobbied the federal government in relation to supply management, especially the governments of Quebec and Ontario. Furthermore, regionalism has also had an important impact on the defence of supply management.

Finally, it must be acknowledged that defence of supply management domestically and on the international scene by the federal government can also be due to other minor factors. As mentioned before, it could be due to the positions of the other major actors in the negotiations, the US and the EU. Another possible factor could be policy success. Hall argues that for a

paradigm to change, failure of the previous paradigm has to be experienced<sup>297</sup>. Supply management is usually seen as a success in terms of supply and revenue stability. Plus, it does not necessitate state subsidies. Supply management could therefore be maintained by the federal government because of its success<sup>298</sup>. Plus, processors are becoming more and more concentrated and supply management allows thousands of individual producers from these sectors to have a strong negotiation position with them. Furthermore, “because of its importance for employment, regional development and trade, governments have considered the maintenance of a viable agricultural sector an important policy goal with or without farm lobby prodding”<sup>299</sup>. The dismantlement of supply management could have detrimental effect on the viability of the sectors currently under supply management. Canada may continue to defend supply management in part to assure the persistence of lively rural communities and the survival of these farms.

Even though the Doha Round is at an impasse at the moment and talks are indefinitely suspended, Canada is sending a faint signal that its position could change. Indeed, the Harper government has been hinting at a shift in policy. The federal government first dismantled the Canadian Wheat Board in 2012, the other main protectionist system in Canadian agriculture with supply management, and which the Canadian government was defending at the GATT and WTO before it broke its monopoly. Second, the members of the Trans-Pacific-Partnership and the European Union, with whom Canada is currently negotiating trade agreements, are strongly opposed to Canadian supply management. The Harper government has been subtly suggesting that supply management could be put on the negotiation table, stating that we would otherwise be prevented from accessing markets of several million consumers. Very recently the government

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<sup>297</sup> Hall, *The Political Power of Economic Ideas: Keynesianism across Nations*.

<sup>298</sup> Skogstad, “Canadian Agricultural Programs and Paradigms.”

<sup>299</sup> Wilson, *Farming the System*, 139.

announced possible concessions in the cheese market within the context of the trade agreement with the EU. The possible shift in the Canadian position, or its maintenance despite new mounting pressures, renders the subject even more relevant.

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## APPENDIX A

Active countries in the agricultural negotiations of the Doha Round<sup>300</sup>

**Argentina** (Cairns Group, G-20)

**Australia** (Cairns Group coordinator)

**Benin** (Cotton-4, African Group, least-developed, Africa-Caribbean-Pacific)

**Brazil** (G-20 coordinator, also Cairns)

**Burkina Faso** (Cotton-4 coordinator, also African Group, least-developed, ACP)

**Canada** (Cairns)

**China** (G-33, G-20, recent new member)

**Colombia** (Cairns, tropical products group)

**Costa Rica** (tropical products coordinator, also Cairns)

**Côte d'Ivoire** (African Group coordinator, also ACP)

**Cuba** (G-33, small and vulnerable economies)

**Dominican Republic** (small-vulnerable economies coordinator, also G-33)

**Ecuador** (tropical products, recent new member)

**Egypt** (G-20, African Group)

**EU**

**India** (G-33, G-20)

**Indonesia** (G-33 coordinator, also G-20, Cairns)

**Jamaica** (ACP coordinator, also G-33, small-vulnerable)

**Japan** (G-10)

**Kenya** (G-33, African, ACP)

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<sup>300</sup> “Agriculture Negotiations – Where and Who,” WTO, accessed July 5, 2013, [http://www.wto.org/english/tratop\\_e/agric\\_e/chair\\_texts08\\_e.htm](http://www.wto.org/english/tratop_e/agric_e/chair_texts08_e.htm).

**Rep. Korea** (G-33, G-10)

**Lesotho** (least-developed countries coordinator, also African Group, ACP)

**Mauritius** (G-33, ACP, African)

**Malaysia** (Cairns)

**Mexico** (G-20)

**New Zealand** (Cairns)

**Norway** (G-10)

**Pakistan** (Cairns, G-20, G-33)

**Paraguay** (Cairns, G-20, tropical products, small-vulnerable)

**Philippines** (G-33, G-20, Cairns)

**Switzerland** (G-10 coordinator)

**Chinese Taipei** (recent new members coordinator, also G-10)

**Thailand** (Cairns, G-20)

**Turkey** (G-33)

**Uruguay** (Cairns, G-20)

**US**

**Venezuela** (G-33, G-20)

## APPENDIX B

### Organizations surveyed

#### **National general organizations**

Canadian Federation of Agriculture

National Farmers Union

#### **Provincial general organizations**

Union des producteurs agricoles (Quebec)

Ontario Federation of Agriculture

Keystone Agricultural Producers (Manitoba)

Agricultural Producers of Saskatchewan

Alberta Federation of Agriculture

BC Agriculture Council

#### **National sectoral organizations**

Dairy Farmers of Canada

Chicken Farmers of Canada

Egg Farmers of Canada

Canadian Cattlemen's Association

Canadian Pork Council

Grain Growers of Canada

Canadian Canola Growers Association

Canadian Soybean Council

**Provincial sectoral organizations**

Fédération des producteurs de lait du Québec (dairy)

Fédération des producteurs d'œufs de consommation du Québec (consumption eggs)

Syndicat des producteurs d'œufs d'incubation du Québec (hatching eggs)

Les Éleveurs de volailles du Québec (chicken)

Fédération des producteurs de porcs du Québec (hog)

Fédération des producteurs de bovins du Québec (cattle)

Dairy Farmers of Ontario

Chicken Farmers of Ontario

Egg Farmers of Ontario

Ontario Pork

Ontario Cattlemen's Association

Dairy Farmers of Manitoba

Manitoba Chicken Producers

Manitoba Egg Farmers

SaskMilk

Chicken Farmers of Saskatchewan

Saskatchewan Egg Producers

Alberta Milk

Alberta Chicken Producers

Egg Farmers of Alberta

BC Dairy Association

BC Chicken Growers' Association

BC Egg Producers' Association

## APPENDIX C

### Cover letter and survey sent to farmers' organizations



[Date]

[Postal address of organization]

Dear [name of chair or executive director of organization],

I am a graduate student doing research on Canadian agricultural policy, with a particular interest in supply management. I am completing a Masters' degree in Political Science at the University of Waterloo, Ontario, under the supervision of Dr. William Coleman. I would like to ask for your collaboration for data collection needed for my thesis by completing the enclosed questionnaire.

My thesis focuses on the position the Canadian government has been holding in the agricultural trade negotiations of the Uruguay (1986-94) and Doha (2001-) rounds of the World Trade Organization, particularly as it bears upon supply management. I am trying to understand how this position has been developed and the factors that have influenced its elaboration. I am particularly interested in the domestic dynamics that take place in the Canadian agricultural sector over this issue.

An important part of my research focuses on farmers' organizations, because they are prominent participants in the elaboration of agricultural policy. I am trying to better understand how important and influential farmers' organizations are, the power dynamics that occur between them, and the nature of the relationships they develop with government.

The data will be used to better understand the characteristics of farmers' organizations. I therefore hope to have your collaboration in this endeavour. I have consulted your website, which provided me with some useful information, but several of my questions remain unanswered. The completion of the survey should take approximately one to two hours. Accordingly, I would very much appreciate if you could provide me with answers to the questions in the following pages and return the survey to the mailing address given at the end of the questionnaire. A copy of this survey has also been sent to you by email and you can send it back by email if you prefer. Although the questionnaire is addressed to you, feel free to have another employee fill the questionnaire if you think it is more appropriate.

If you choose to take part in my research study, your responses will be considered confidential and I will ensure that the project data is securely stored. The data will be retained for at least two years or for any extensions of this research. Your anonymity as a research study participant will



be safeguarded. I will not present my findings in a way that you or your organization can be identified. You can choose not to answer particular questions if you wish. You can withdraw from the study at any time by notifying me.

If you have any questions, do not hesitate to contact me. In any case, I will contact you in the following ten days to follow-up. Or if you wish to provide me with some of this information over the telephone, I will be open to this possibility. I will also be pleased to provide you with the final findings of my research, when I have completed my thesis. If you have questions you would like to ask Dr. Coleman, my faculty supervisor, here are his email address and office phone number: wdcolema@uwaterloo.ca / 519.888.4567, ext. 38893.

My project has received ethics clearance through the Office of Research Ethics (ORE) of the University of Waterloo. If you have comments or concerns resulting from your involvement in the project, you can contact the ORE Director, Maureen Nummelin (519-888-4567, Ext. 36005 / maureen.nummelin@uwaterloo.ca). The final decision about participation is yours.

Best regards,

Jasmine Bélanger-Gulick

Candidate, M.A. Political Science  
University of Waterloo  
jasmine.belanger-gulick@uwaterloo.ca

**Please send the filled survey back to the following address:**

Att. Jasmine Bélanger-Gulick  
Political Science Department  
Room HH 314  
University of Waterloo  
200 University Avenue West  
Waterloo (ON) N2L 3G1

## **Biographical note**

I am currently completing a Masters' degree in Political Science at the University of Waterloo, Ontario. I am there working under the supervision of Dr. William D. Coleman, who worked extensively on Canadian agricultural policy, and more specifically farmers' organizations, throughout the 1980s and 1990s. I obtained a Bachelor's degree in International Studies from the University of Montreal in 2012. My research interests are focused on agricultural issues, most notably agricultural trade and food sovereignty. I myself grew up on a farm in the Eastern Townships, Quebec. Living and working on the farm, I have always been interested in the challenges facing the Canadian agricultural sector.

## Survey

Name of the respondent: \_\_\_\_\_

Responsibility within the organization: \_\_\_\_\_

Email address and work telephone number of the respondent:

\_\_\_\_\_

### Membership

1) How many individual members did your organization have in 2012?

Number: \_\_\_\_\_

2) In relation to the total number of potential farmers you could represent, can you estimate what proportion of this number were members of the organization in 2012?

- ☐ 0-10%
- ☐ 11-20%
- ☐ 21-30%
- ☐ 31-40%
- ☐ 41-50%
- ☐ 51-60%
- ☐ 61-70%
- ☐ 71-80%
- ☐ 81-90%
- ☐ 91-100%
- ☐ I don't know

3) Do you consider you are currently in competition with another organization for membership (to recruit members)?

- ☐ Yes. Please specify the organization: \_\_\_\_\_
- ☐ No
- ☐ I don't know

### **Organization budget and employees**

4) Still thinking of 2012, approximately what is your annual expenditures budget for your organization in the year?

\_\_\_\_\_ CAN\$

5) What was your principal source of funding in 2012? What percentage of your total funding is provided by this main source? Check one.

- ☐ Membership contributions: \_\_\_\_\_ %
- ☐ Sales of goods and services: \_\_\_\_\_ %
- ☐ Voluntary donations and interest: \_\_\_\_\_ %
- ☐ Grants from government or other organizations.

Please specify name if you can: \_\_\_\_\_ ( \_\_\_\_\_ %)

- ☐ Others: \_\_\_\_\_ ( \_\_\_\_\_ %)

6) How many full-time employees did the organization count in 2012?

Number: \_\_\_\_\_

7) Could you send me a copy of the organizational structure diagram of your organization?

- ☐ Yes and documentation is (circle) included in this envelope / sent by email
- ☐ Yes, other: \_\_\_\_\_
- ☐ No

### Public positions, collaboration and international trade

8) Do you regularly collaborate with other organizations to develop policy briefs to present to the federal government or to relevant provincial governments?

- ☐ Yes
- ☐ No

9) If so, which other organizations do you most regularly work with? Please list starting with the organization you most regularly work with.

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

10) Does your organization belong to any coalitions of groups or strategic alliances that focus specifically on issues of international agricultural trade or trade negotiations? Which ones? Please list starting with the coalition or alliance most valued by your organization.

- ☐ Yes: \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- ☐ No

11) Does your organization have a committee or a branch dedicated to international trade or international agricultural negotiations?

- ☐ Yes
- ☐ No

12) When you think of all the **provincial** [dairy/chicken/egg/cattle/hog/grain] farmers' organizations, would you say one or several provinces exert more influence on the agenda than others in shaping policy decisions?

- ☐ Yes
- ☐ No

13) If so, which ones? On what basis do you make your assessment? Please expand.

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**Relation with government**

14) To what degree has your organization participated in a governmental consultative process or attended a meeting of a legislative committee on agricultural issues in the last 10 years? Did any of these activities relate to supply management? If so, what was the purpose of your organization attending? Please expand.

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15) With which federal ministry do you interact with most frequently?

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16) What term would you use to describe the nature of your relationship with this federal ministry (collaborative, antagonistic, cordial, other)?

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17) With which provincial ministry do you interact with most frequently?

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18) What term would you use to describe the nature of your relationship with this provincial ministry (collaborative, antagonistic, cordial, other)?

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### **Agricultural trade negotiations**

19) When it comes to influencing the position of the federal government in the Doha Round agricultural negotiations, which other organization(s) do you feel you are in competition with when trying to influence the government, if any? Please explain.

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20) When it came to influencing the position on agricultural trade of the federal government in the Uruguay Round, do you feel you were in competition with the same organization(s)?

- ☐ Yes
- ☐ No

21) If not, with which organizations did you feel in competition with in relation to the Uruguay round and how do you explain the change?

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22) Do you agree or disagree with the position the government of Canada has been advocating on supply management in the agricultural trade negotiations of the Doha Round? Please elaborate.

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The above, and any other information on your organization that you believe would aid my research, will be most helpful. I wish to thank you very much for your assistance. I may re-contact you to ask for further clarification on your answers.

Jasmine Bélanger-Gulick

## APPENDIX D

Membership of organizations in decreasing order, selection of supply and non-supply-managed provincial and national farmers' organizations

Canadian Cattlemen's Association

Grain Growers of Canada

Ontario Cattlemen's Association

Dairy Farmers of Canada

Fédération des producteurs de bovins du Québec

Fédération des producteurs de lait du Québec

Dairy Farmers of Ontario

Fédération des producteurs de porc du Québec

Chicken Farmers of Canada

Ontario Pork

Egg Farmers of Canada

Chicken Farmers of Ontario

Éleveurs de volailles du Québec

Alberta Milk

BC Dairy

BC Chicken Growers' Association

Dairy Farmers of Manitoba

Alberta Chicken Producers

Manitoba Egg Farmers

Sask Milk

Egg Farmers of Alberta

BC Egg Producers' Association

Fédération des producteurs d'œufs de consommation du Québec

Chicken Farmers of Saskatchewan

\*Missing data: Canadian Pork Council, Manitoba Chicken Producers, Saskatchewan Egg Producers, Egg Farmers of Ontario



## APPENDIX E

Annual expenditure budget of organizations in decreasing order, selection of supply and non-supply-managed provincial and national farmers' organizations

Fédération des producteurs de lait du Québec

Egg Farmers of Canada

Dairy Farmers of Ontario

Fédération des producteurs de porc du Québec

Alberta Milk

Éleveurs de volailles du Québec

Chicken Farmers of Ontario

Chicken Farmers of Canada

Ontario Pork

Fédération des producteurs de bovins du Québec

BC Egg Producers

Sask Milk

Canadian Cattlemen's Association

Canadian Pork Council

Ontario Cattlemen's Association

Alberta Chicken Producers

Egg Farmers of Alberta

Chicken Farmers of Saskatchewan

Grain Growers of Canada

\*Missing data: Dairy Farmers of Canada, Dairy Farmers of Manitoba, BC Dairy, BC Chicken Growers' Association, Manitoba Chicken Producers, Fédération des producteurs d'œufs de consommation du Québec, Saskatchewan Egg Producers, Egg Farmers of Ontario, Manitoba Egg Farmers

## APPENDIX F

Number of permanent employees of organizations in decreasing order, selection of supply and non-supply-managed provincial and national farmers' organizations

Dairy Farmers of Ontario

Fédération des producteurs de porc du Québec

Egg Farmers of Canada

Fédération des producteurs de lait du Québec

Fédération des producteurs de bovins du Québec

Chicken Farmers of Ontario

Alberta Milk

Éleveurs de volailles du Québec

Chicken Farmers of Canada

BC Dairy

Canadian Cattlemen's Association

Fédération des producteurs d'œufs de consommation du Québec

Manitoba Egg Farmers

Ontario Cattlemen's Association

Egg Farmers of Alberta

Sask Milk

Alberta Chicken Producers

Manitoba Chicken Producers

Chicken Farmers of Saskatchewan

BC Egg Producers' Association

\*Missing data: Dairy Farmers of Canada, Canadian Pork Council, Dairy Farmers of Manitoba, BC Chicken Growers' Association, Saskatchewan Egg Producers, Egg Farmers of Ontario, Ontario Pork

## APPENDIX G

### Members of the Canadian Agri-Food Trade Alliance

Alberta Barley Commission

Alberta Beef Producers

Alberta Cattle Feeders' Association

CCGA

Canadian Cattlemen's Association

Canadian Meat Council

Canadian Sugar Institute

Canola Council

Grain Growers of Canada

Canadian Pork Council

Malting Industry Association of Canada

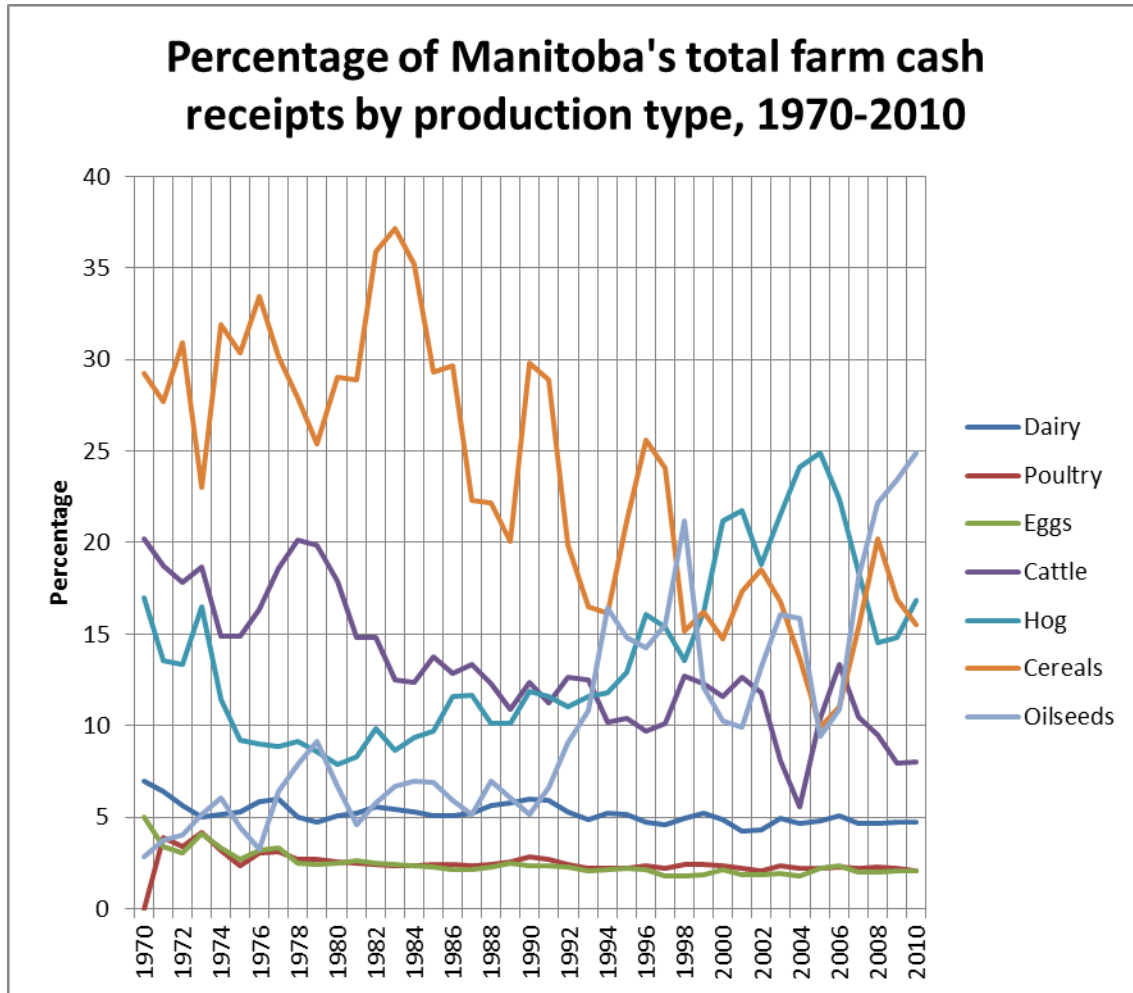
National Cattle Feeders' Association

Canada Pork International

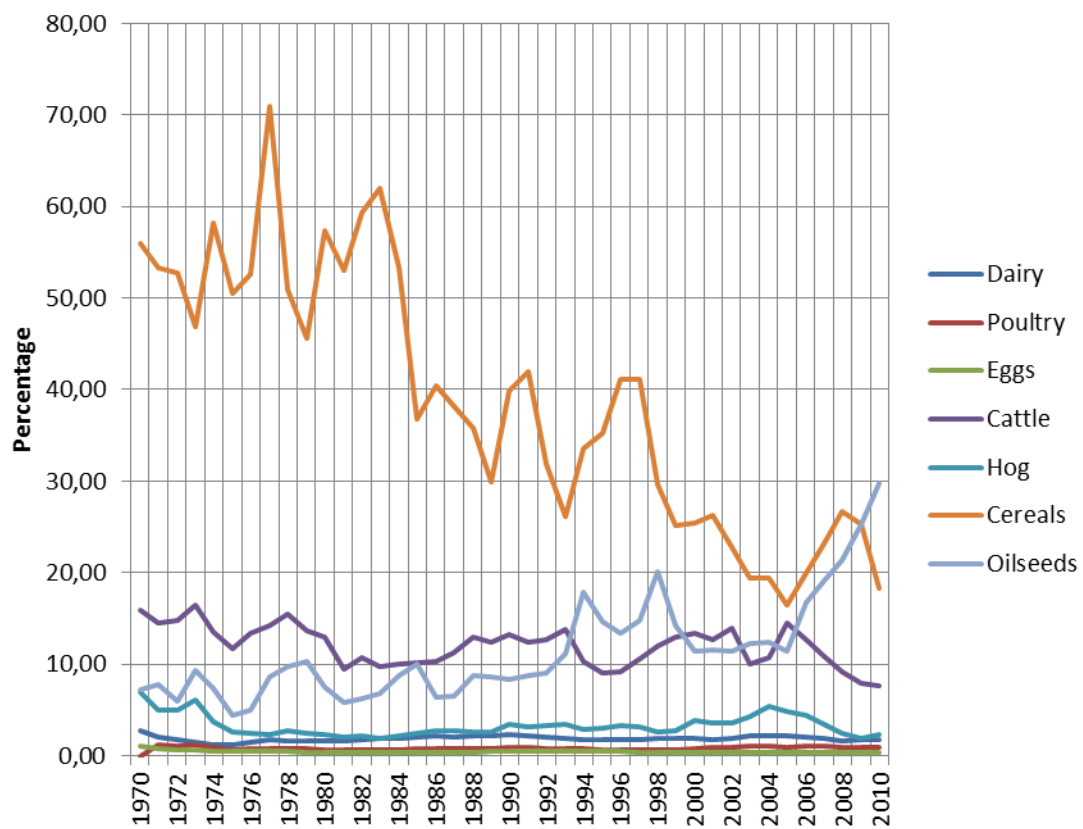
Western Grain Elevator Association

## APPENDIX H

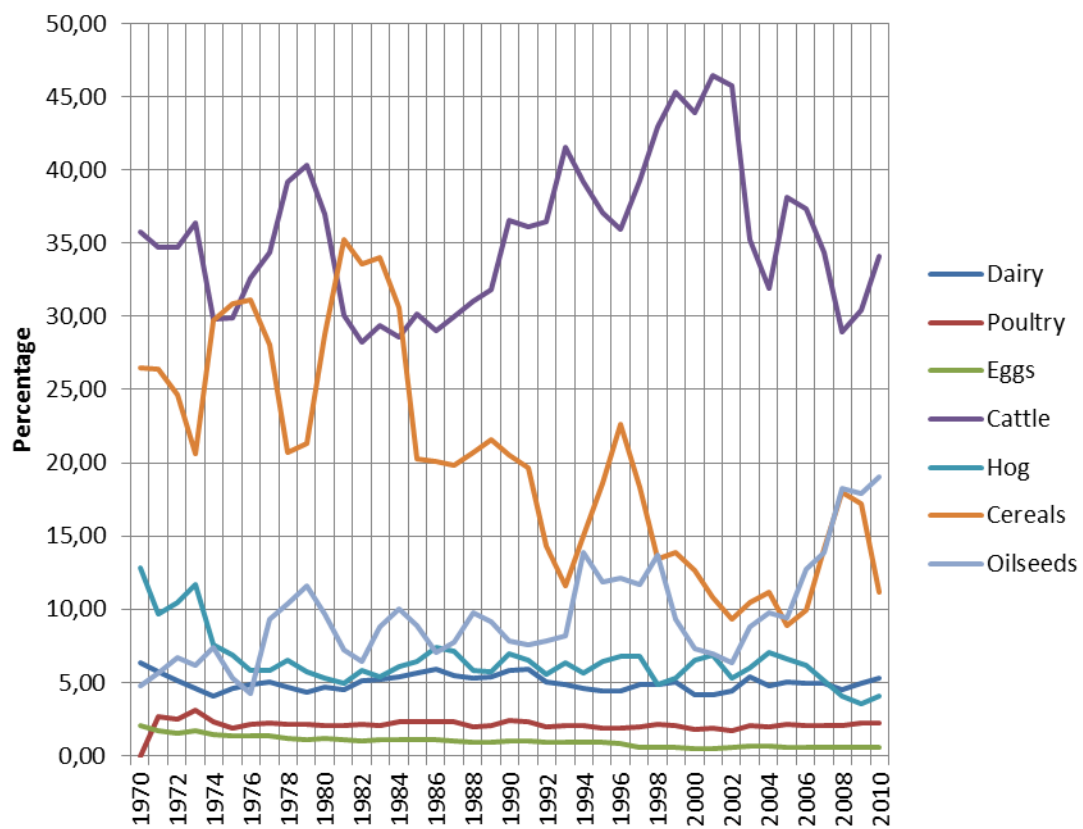
### Distribution of farm cash receipts, Western provinces and Canada



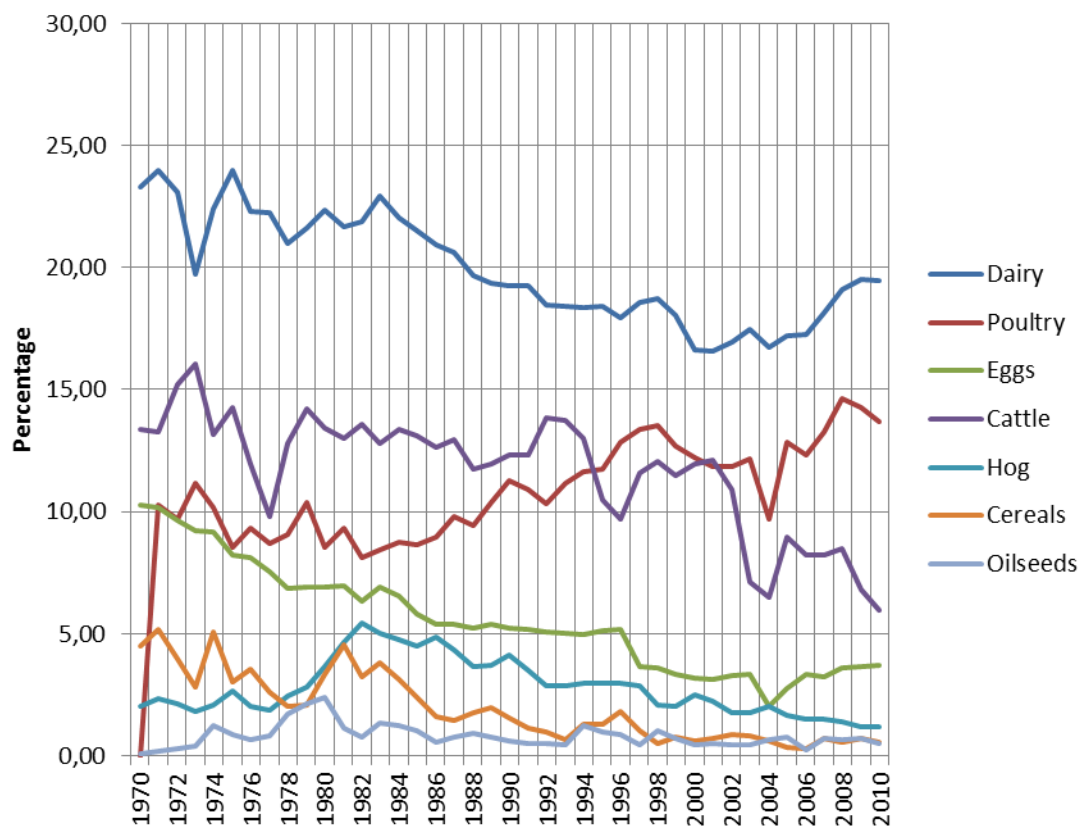
### Percentage of Saskatchewan's total farm cash receipts by production type, 1970-2010



## Percentage of Alberta's total farm cash receipts by production type, 1970-2010



### Percentage of British Columbia's total farm cash receipts by production type, 1970-2010



## Percentage of Canada's total farm cash receipts by production type, 1970-2010

